NEW ISSUE – BOOK-ENTRY ONLY

RATINGS: Fitch: "F1+"
Moody's: "MIG 1"
S&P: "SP-1+"

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Series 2007A Notes is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2007A Notes (the "Tax Code"), interest on the Series 2007A Notes is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and interest on the Series 2007A Notes is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Series 2007A Notes as described herein. See "TAX MATTERS."

$500,000,000
STATE OF COLORADO
GENERAL FUND TAX AND REVENUE ANTICIPATION NOTES
SERIES 2007A

Dated: Date of Delivery **Due: June 27, 2008**

The Series 2007A Notes are being issued for the purpose of funding anticipated cash flow shortfalls in the State's General Fund in the State's July 1, 2007-June 30, 2008 Fiscal Year and paying the costs of issuing the Series 2007A Notes, as described herein.

The Series 2007A Notes will be issued in fully registered form and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, the securities depository for the Series 2007A Notes. Beneficial Ownership Interests in the Series 2007A Notes, in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 by or through participants in the DTC system. Beneficial Ownership Interests will be governed as to receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2007A Notes by the rules and operating procedures applicable to the DTC book-entry system as described herein.

The principal of and interest on the Series 2007A Notes, at the rate per annum specified below, is payable on the maturity date of the Series 2007A Notes specified above. The Series 2007A Notes are *not* subject to redemption prior to maturity.

Principal Amount	Interest Rate	Price	Yield	CUSIP® No.[1]
$500,000,000	4.25%	100.547%	3.67%	196729 BD8

[1] The State takes no responsibility for the accuracy of the CUSIP® information, which is included solely for the convenience of the purchasers of the Series 2007A Notes.

The Series 2007A Notes are special, limited obligations of the State payable solely from and secured by a pledge of Pledged Revenues consisting of cash income or other cash receipts duly credited to the General Fund for Fiscal Year 2007-08 that are subject to appropriation for Fiscal Year 2007-08 and not credited to the General Fund as of the date of issuance of the Series 2007A Notes, unexpended proceeds, if any, of the Series 2007A Notes and any parity obligations that may be issued hereafter and, to the extent permitted by law, proceeds of internal borrowing from other State funds, all as described herein. The Series 2007A Notes do not constitute a debt, indebtedness or multiple fiscal year financial obligation of the State or any political subdivision thereof within the meaning of any applicable provision of the constitution or laws of the State.

An investment in the Series 2007A Notes involves risk. Prospective investors are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed in "INVESTMENT CONSIDERATIONS," in order to obtain information essential to the making of an informed investment decision.

The Series 2007A Notes are offered when, as and if issued, subject to the approving opinion of Sherman & Howard L.L.C., Denver, Colorado, as Bond Counsel. Certain legal matters will be passed upon for the State by the Attorney General of the State and by Peck, Shaffer & Williams LLP, Denver, Colorado, as special counsel to the State. It is expected that the Series 2007A Notes will be available for delivery through the facilities of DTC on or about July 5, 2007.

Financial Advisor

Dated: June 27, 2007

NOTICES

This Official Statement does not constitute an offer to sell the Series 2007A Notes in any jurisdiction to any person to whom it is unlawful to make such offer in such jurisdiction. No dealer, salesman or other person has been authorized by the State, the Treasurer or the Financial Advisor to give any information or to make any representation other than those contained herein and, if given or made, such other information or representation must not be relied upon as having been authorized by the State or any other person.

The information and expressions of opinion in this Official Statement are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described in this Official Statement since the date hereof.

The information in this Official Statement has been obtained from officers, employees and records of the State and other sources believed to be reliable, but this Official Statement is not to be construed as the promise or guarantee of the State, the Treasurer or the Financial Advisor.

This Official Statement is submitted in connection with the initial offering and sale of the Series 2007A Notes and may not be reproduced or used, in whole or in part, for any other purpose.

The Series 2007A Notes have not been recommended by any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have neither confirmed the accuracy nor determined the adequacy of this Official Statement. Any representation to the contrary is unlawful.

*   *   *

STATE OF COLORADO
GENERAL FUND TAX AND REVENUE ANTICIPATION NOTES
SERIES 2007A

Department of the Treasury

Cary Kennedy, State Treasurer
Eric Rothaus, Deputy Treasurer
Charles Scheibe, Chief Financial Officer
Helen DiBartolomeo, Chief Investment Officer

State Controller

Leslie M. Shenefelt

Office of State Planning and Budgeting

Todd Saliman, Director

Bond Counsel

Sherman & Howard L.L.C.
Denver, Colorado

Special Counsel

Peck, Shaffer & Williams LLP
Denver, Colorado

Financial Advisor to the State

Stifel Nicolaus & Company, Inc.
Denver, Colorado

*   *   *

TABLE OF CONTENTS

	Page
INTRODUCTION	1
General	1
The Series 2007A Notes	1
Security and Sources of Payment	2
Legal and Tax Matters	3
Continuing Disclosure	3
Additional Information	3
Investment Considerations	4
Forward Looking Statements	4
Miscellaneous	4
APPLICATION OF SERIES 2007A NOTE PROCEEDS	4
THE SERIES 2007A NOTES	5
Authorization	5
General Provisions	5
Security and Sources of Payment	6
Additional Notes	8
Defaults and Remedies	8
Tax Covenant	9
INVESTMENT CONSIDERATIONS	9
Limited Obligations	9
General Fund Revenue Forecast	10
Additional Notes	10
Loss of Tax Exemption	10
THE STATE	10
General Profile	10
Organization	11
FINANCIAL OPERATIONS	11
The Treasurer	11
Previous State Note Issues	11
Taxpayer's Bill of Rights	12
State Funds	14
Budget Process	16
Fiscal Controls and Financial Reporting	17
Basis of Accounting	17
Basis of Presentation of Financial Results and Estimates	17
Financial Audits	18
HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE	18
General Fund Overview	18
Recent General Fund Financial Results	20
General Fund Revenue Sources	22
Revenue Estimation	24
OSPB Revenue and Economic Forecasts	25
Investment Policies	27
GENERAL FUND CASH FLOW	28
BORROWABLE RESOURCES	32
DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS	35
The State	35
State Departments and Agencies	35
State Authorities	35
LITIGATION	36
No Litigation Affecting the Series 2007A Notes	36
Governmental Immunity	36
Self Insurance	36
Current Litigation	37
FORWARD LOOKING STATEMENTS	37
RATINGS	37
CONTINUING DISCLOSURE	37
LEGAL MATTERS	38
TAX MATTERS	38
UNDERWRITING	40
FINANCIAL ADVISOR	40
MISCELLANEOUS	40
OFFICIAL STATEMENT CERTIFICATION	40

APPENDICES:
- A - STATE COMPREHENSIVE ANNUAL FINANCIAL REPORT AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2006
- B - SELECTED STATE ECONOMIC AND DEMOGRAPHIC INFORMATION
- C - DTC BOOK-ENTRY SYSTEM
- D - FORM OF OPINION OF BOND COUNSEL

OFFICIAL STATEMENT

Relating to

$500,000,000
STATE OF COLORADO
GENERAL FUND TAX AND REVENUE ANTICIPATION NOTES
SERIES 2007A

INTRODUCTION

This introduction is not a summary of this Official Statement. It is only a summary description of and guide to, and is qualified by, more complete and detailed information contained in the entire Official Statement, including the cover page and appendices hereto and the documents summarized or described herein. A full review should be made of the entire Official Statement. The offering of Series 2007A Notes to potential investors is made only by means of the entire Official Statement.

This Official Statement includes certain information which was not available for inclusion in the Preliminary Official Statement dated June 22, 2007, including, without limitation, the interest rate, yield and price of the Series 2007A Notes. This Official Statement also contains certain information that was not available on or has occurred since the date of the Preliminary Official Statement, and which has been included in order to make this Official Statement complete as of its date. Purchasers of the Series 2007A Notes should read this Official Statement in its entirety.

General

This Official Statement, which includes the cover page, prefatory information and the appendices, furnishes information in connection with the issuance and sale by the State of Colorado (the "State") of its $500,000,000 State of Colorado General Fund Tax and Revenue Anticipation Notes, Series 2007 (the "Series 2007A Notes"). See "THE SERIES 2007A NOTES" and "THE STATE."

The Series 2007A Notes are issued pursuant to the Funds Management Act of 1986 (the "Funds Management Act"), being Title 24, Article 75, Part 9, Colorado Revised Statutes, as amended ("C.R.S."); the Supplemental Public Securities Act (the "Supplemental Public Securities Act"), being Title 11, Article 57, Part 2, C.R.S.; and a resolution (the "Authorizing Resolution") adopted by the State Treasurer (the "Treasurer"). The Funds Management Act provides a means of compensating for fluctuations in revenues and expenditures that result in temporary cash flow shortfalls that occur during the fiscal year in the State's General Fund (the "General Fund"), which is the State's principal operating fund. The fiscal year of the State (the "Fiscal Year") is the 12-month period commencing July 1st and ending the following June 30th. See "THE SERIES 2007A NOTES – Authorization."

The Series 2007A Notes

Purpose. The Series 2007A Notes are being issued for the purpose of funding anticipated cash flow shortfalls in the General Fund in the Fiscal Year ending June 30, 2008 ("Fiscal Year 2007-08") and paying the costs of issuing the Series 2007A Notes. See "APPLICATION OF SERIES 2007A NOTE PROCEEDS."

General Provisions. The Series 2007A Notes will be dated the date of issuance and delivery to the original purchasers thereof (the "Closing Date") and will mature on June 27, 2008 (the "Maturity Date"). Interest on the Series 2007A Notes, at the rate per annum set forth on the cover page hereof (computed on the basis of a 360-day year of twelve 30-day months), will accrue from the Closing Date and will be payable on the Maturity Date. The Series 2007A Notes are not subject to redemption prior to maturity. See "THE SERIES 2007A NOTES – General Provisions."

Book-Entry Only System. The Series 2007A Notes will be issued in fully registered form (*i.e.*, registered as to payment of both principal and interest) and registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will serve as securities depository for the Series 2007A Notes. Ownership interests in the Series 2007A Notes ("Beneficial Ownership Interests"), in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 by or through participants in the DTC system ("DTC Participants"). Beneficial Ownership Interests will be recorded in the name of the purchasers thereof ("Beneficial Owners") on the books of the DTC Participants from whom they are acquired, and will be governed as to the receipt of payments, notices and other communications, transfers and various other matters with respect to the Series 2007A Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "THE SERIES 2007A NOTES – General Provisions" and "APPENDIX C – DTC BOOK-ENTRY SYSTEM." References in this Official Statement to the registered owners or the owners of the Series 2007A Notes mean Cede & Co., or such other nominee as may be designated by DTC, and not the Beneficial Owners.

Security and Sources of Payment

The Series 2007A Notes are special, limited obligations of the State payable solely from and secured by a pledge of the "Pledged Revenues," consisting of the following, which the Treasurer believes will be sufficient for the repayment of the Series 2007A Notes:

- Any cash income or other cash receipts duly credited to the General Fund for Fiscal Year 2007-08 that are subject to appropriation for Fiscal Year 2007-08 and not yet credited to the General Fund as of the Closing Date ("Current General Fund Revenues"). Current General Fund Revenues are comprised generally of receipts from corporate and individual income taxes, sales and use taxes, certain excise taxes, estate taxes, insurance taxes, interest on investments of certain State funds and revenues from pari-mutuel wagering, courts, charges for services and other sources.

- Unexpended proceeds, if any, of the Series 2007A Notes and any additional tax and revenue anticipation notes issued pursuant to the Funds Management Act and in accordance with the Authorizing Resolution that are payable from and secured by a pledge of all or any portion of the Pledged Revenues on a parity with the Series 2007A Notes ("Additional Notes").

- To the extent permitted by law, proceeds of internal borrowing from other State funds ("Borrowable Resources").

Pursuant to the Authorizing Resolution, a restricted account within the General Fund (the "Note Payment Account") established by the State Controller (the "Controller") is pledged to the registered owners of the Series 2007A Notes and any Additional Notes. The Treasurer covenants in the Authorizing Resolution to credit the Pledged Revenues to the Note Payment Account so that the amount therein will be sufficient to pay the principal of and interest on the Series 2007A Notes and any Additional Notes due on the Maturity Date, and to take certain measures required by the Authorizing Resolution if and to the extent that the Note Payment Account contains less than the required amount. The registered owners of the Series 2007A Notes will be equally and ratably secured by a first lien on the Note Payment Account and the moneys and investments deposited therein, which lien will be on a parity with the lien thereon in favor of the registered owners of any Additional Notes that may be issued hereafter.

The Series 2007A Notes do not constitute a debt, indebtedness or multiple-fiscal year financial obligation of the State within the meaning of any applicable provision of the constitution or statutes of the State. The registered owners and Beneficial Owners of the Series 2007A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2007A Notes.

See generally "THE SERIES 2007A NOTES – Security and Sources of Payment – Additional Notes," "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE," "GENERAL FUND CASH FLOW" and "BORROWABLE RESOURCES."

Legal and Tax Matters

Sherman & Howard L.L.C., Denver, Colorado, is serving as bond counsel ("Bond Counsel") in connection with the issuance of the Series 2007A Notes and will deliver its opinion substantially in the form included in this Official Statement as "APPENDIX D – FORM OF OPINION OF BOND COUNSEL." Certain legal matters will be passed upon for the State by the Attorney General of the State and by Peck, Shaffer & Williams LLP, Denver, Colorado, as special counsel to the State.

In the opinion of Sherman & Howard L.L.C., Bond Counsel, assuming continuous compliance with certain covenants described herein, interest on the Series 2007A Notes is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date of delivery of the Series 2007A Notes (the "Tax Code"), interest on the Series 2007A Notes is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, and interest on the Series 2007A Notes is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Series 2007A Notes.

See also "LEGAL MATTERS," "TAX MATTERS" and "APPENDIX D – FORM OF OPINION OF BOND COUNSEL."

Continuing Disclosure

In accordance with Rule 15c2-12 ("Rule 15c2-12") adopted by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, as amended, the Treasurer will undertake in the Authorizing Resolution to provide monthly disclosure of certain financial information, and to provide notice of certain material events if they occur, as described in "THE SERIES 2007A NOTES – Security and Sources of Payment – *Note Payment Account – Monthly Projections*" and "CONTINUING DISCLOSURE."

Additional Information

Brief descriptions of the Series 2007A Notes, the State, the Authorizing Resolution, the Funds Management Act and certain other statutes, reports, documents and instruments are included in this Official Statement. The descriptions of the statutes, reports, documents or other instruments included herein do not purport to be comprehensive or definitive and are qualified in their entirety by reference to each such statute, report, document or other instrument. Copies of the Authorizing Resolution and certain other documents referred to herein may be obtained from Stifel, Nicolaus & Company, Inc. (the "Financial Advisor"), 1125 Seventeenth Street, Suite 1600, Denver, Colorado 80202, Attention: Vicki Mattox or Kelly Gottschalk, telephone number (303) 296-2300.

Investment Considerations

An investment in the Series 2007A Notes involves risk. Prospective investors are urged to read this Official Statement in its entirety, giving particular attention to the matters discussed in "INVESTMENT CONSIDERATIONS," in order to obtain information essential to the making of an informed investment decision.

Forward Looking Statements

This Official Statement, and particularly the sections hereof captioned "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE," "GENERAL FUND CASH FLOW" and "BORROWABLE RESOURCES," contains statements relating to future results that are "forward looking statements" as defined in the federal Private Securities Litigation Reform Act of 1995. When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward looking statements. Such statements are subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. See also "FORWARD LOOKING STATEMENTS."

Miscellaneous

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement.

Information contained in this Official Statement has been obtained from officers, employees and records of the State and from other sources believed to be reliable, but this Official Statement is not to be construed as the promise or guarantee of the State, the Treasurer or the Financial Advisor. The information herein is subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create the implication that there has been no change in the matters described in this Official Statement since the date hereof. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

This Official Statement shall not be construed as a contract or agreement between the State and the registered owners or Beneficial Owners of the Series 2007A Notes.

APPLICATION OF SERIES 2007A NOTE PROCEEDS

The Series 2007A Notes are being issued for the purpose of funding anticipated cash flow shortfalls in the General Fund in the Fiscal Year 2007-08 and paying the costs of issuing the Series 2007A Notes.

Timing differences between revenue collections and disbursements have caused the State to engage in interfund borrowing and the issuance of General Fund tax and revenue anticipation notes from time to time in order to meet the obligations of the General Fund in a timely manner. Without interfund borrowing or the issuance of the Series 2007A Notes, the State forecasts that the General Fund would incur cumulative cash shortfalls in Fiscal Year 2007-08. The proceeds of the Series 2007A Notes remaining after payment of costs and expenses relating to the issuance and sale of the Series 2007A Notes, or approximately $502,580,000, will be deposited in the General Fund and used both to alleviate cash flow shortfalls and finance the State's daily operations in anticipation of taxes and other revenues to be received later in Fiscal Year 2007-08. The costs and expenses relating to the issuance and sale of the Series 2007A Notes, including underwriting discount, are expected to be approximately $155,000.

See "THE SERIES 2007A NOTES – Authorization," "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – General Fund Overview – Recent General Fund Financial Results – Revenue Estimation – OSPB Revenue and Economic Forecasts – Investment Policies," "GENERAL FUND CASH FLOW," "BORROWABLE RESOURCES" and "UNDERWRITING."

THE SERIES 2007A NOTES

The following is a summary of certain provisions of the Series 2007A Notes during such time as the Series 2007A Notes are subject to the DTC book-entry system. Reference is hereby made to the Authorizing Resolution in its entirety for the detailed provisions pertaining to the Series 2007A Notes, including provisions applicable upon discontinuance of participation in the DTC book-entry system.

Authorization

The Series 2007A Notes are being issued pursuant to the Funds Management Act, the Supplemental Public Securities Act and the Authorizing Resolution. The Funds Management Act authorizes the Treasurer to issue and sell notes from time to time payable from the anticipated revenues of any one or more funds or groups of accounts to which State moneys are credited to accomplish any of the purposes of the Funds Management Act, including the alleviation of cash flow shortfalls in any such fund or group of accounts.

The Funds Management Act limits the aggregate principal amount of outstanding notes payable from any fund or group of accounts to 50% of the amount of revenues of such fund or group of accounts anticipated but not yet credited to the fund or group of accounts for the applicable Fiscal Year, excluding the proceeds of notes or other borrowing credited to such fund or group of accounts and any income from the investment of revenues or the proceeds of such borrowings. It is forecast that approximately $7,537.9 million of revenues (excluding the proceeds of the Series 2007A Notes or other borrowings and investment income of revenues and such proceeds) will be credited to the General Fund for Fiscal Year 2007-08, thereby imposing a limit of approximately $3,768.9 million in General Fund notes for Fiscal Year 2007-08. The Treasurer may issue Additional Notes on a parity with the Series 2007A Notes as discussed in "Additional Notes" below.

General Provisions

The Series 2007A Notes will be issued in fully registered form (*i.e.*, registered as to payment of both principal and interest) and registered initially in the name of Cede & Co., as nominee of DTC, which will serve as securities depository for the Series 2007A Notes. Beneficial Ownership Interests in the Series 2007A Notes, in non-certificated book-entry only form, may be purchased in integral multiples of $5,000 by or through DTC Participants. Such Beneficial Ownership Interests will be recorded in the name of the Beneficial Owners on the books of the DTC Participants from whom they are acquired, and will be governed as to payment of principal and interest and the receipt of notices and other communications, transfers and various other matters with respect to the Series 2007A Notes by the rules and operating procedures applicable to the DTC book-entry system as described in "APPENDIX C – DTC BOOK-ENTRY SYSTEM." References in this Official Statement to the registered owners or the owners of the Series 2007A Notes mean Cede & Co. or such other nominee as may be designated by DTC, and not the Beneficial Owners.

The Series 2007A Notes will be dated as of the Closing Date, mature on the Maturity Date and bear interest at the rate per annum (computed on the basis of a 360-day year consisting of twelve 30-day months) set forth on the cover page of this Official Statement. Interest on the Series 2007A Notes will accrue from the Closing Date and will be payable on the Maturity Date. The principal of and interest on the Series 2007A Notes will be payable by the Treasurer, as paying agent for the Series 2007A Notes, on the Maturity Date to Cede & Co., as the registered owner of the Series 2007A Notes, for subsequent credit to the accounts of the Beneficial Owners. See "APPENDIX C – DTC BOOK-ENTRY SYSTEM." Interest on the Series 2007A Notes will cease to accrue on the Maturity Date.

The Series 2007A Notes are not subject to redemption prior to the Maturity Date.

The Deputy Treasurer will serve as the registrar for the Series 2007A Notes, subject to the provisions of the DTC book-entry system.

Neither the State, the Treasurer, the Deputy Treasurer, the Chief Financial Officer of the Department of the Treasury nor the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the registered owners of the Series 2007A Notes under the Authorizing Resolution, (iii) the payment by DTC or any DTC Participant of any amounts received under the Authorizing Resolution with respect to the Series 2007A Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2007A Notes or (v) any other related matter.

Security and Sources of Payment

The Series 2007A Notes are special, limited obligations of the State payable solely from the Pledged Revenues, which the Treasurer believes will be sufficient for the repayment of the Series 2007A Notes. The State pledges to the payment of principal of and interest on the Series 2007A Notes Pledged Revenues in an amount sufficient to pay the principal of and interest on the Series 2007A Notes on the Maturity Date. The Series 2007A Notes do not constitute a debt, indebtedness or multiple-fiscal year financial obligation of the State within the meaning of any applicable provision of the constitution or statutes of the State. The registered owners and Beneficial Owners of the Series 2007A Notes may not look to any source other than the Pledged Revenues for payment of the Series 2007A Notes.

The Pledged Revenues. The Pledged Revenues consist of (i) Current General Fund Revenues, (ii) the unexpended proceeds, if any, of the Series 2007A Notes and any Additional Notes and (iii) Borrowable Resources.

Current General Fund Revenues. Current General Fund Revenues are comprised of any cash income or other cash receipts duly credited to the General Fund for Fiscal Year 2007-08 that are subject to appropriation for Fiscal Year 2007-08 and not yet credited to the General Fund as of the Closing Date. Current General Fund Revenues include, generally, receipts from corporate and individual income taxes, sales and use taxes, certain excise taxes, estate taxes, insurance taxes, federal funds, interest on investments of certain State funds and revenues from pari-mutuel wagering, courts, charges for services and other sources, including repayment of loans under the Funds Management Act.

Current General Fund Revenues do not include the proceeds of the Series 2007A Notes or Additional Notes or certain moneys that are legally required to be paid to other funds, including, among others: (i) those moneys or revenues that are required to be credited to the Old Age Pension Fund, the State Education Fund, the Stabilization Fund and the Health and Medical Care Fund, except to the extent determined to be in excess of the requirements of such funds and transferred to the General Fund; (ii) that portion of sales tax revenues required to be credited to municipalities and counties of the State; and (iii) moneys received from the federal government that are not subject to appropriation or are restricted to a particular purpose or use. In addition, the Series 2007A Notes are not payable from General Fund or other State revenues that are subject to accrual to the General Fund in any Fiscal Year after Fiscal Year 2007-08. See "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE" and "GENERAL FUND CASH FLOW."

Borrowable Resources. The Pledged Revenues also include Borrowable Resources, being, to the extent permitted by law, proceeds of internal borrowing from other State funds. These consist of 16 major funds of the State other than the General Fund, as well as over 600 other funds and accounts, as discussed in "BORROWABLE RESOURCES."

Note Payment Account. The Note Payment Account is to be held by the Treasurer on behalf of the State and used solely to pay the Series 2007A Notes and any Additional Notes. The Note Payment Account is pledged to the payment of the principal of and interest on the Series 2007A Notes and any Additional Notes on the Maturity Date, and the registered owners of the Series 2007A Notes and any Additional Notes are equally and ratably secured by an exclusive first lien on the Note Payment Account and the moneys deposited therein. Moneys held in the Note Payment Account may be commingled for investment purposes with other moneys in the General Fund but are not available for the payment of other General Fund expenditures or interfund transfers.

In order to provide for the payment of the principal of and interest on the Series 2007A Notes and any Additional Notes, the Treasurer covenants to credit Pledged Revenues to the Note Payment Account in such amount as will cause the balance in the Note Payment Account on June 16, 2008 to be at least equal to the principal of and interest on the Series 2007A Notes and any Additional Notes due on the Maturity Date.

If on June 16, 2008 the balance in the Note Payment Account is less than the amount required, the Treasurer covenants to: (i) give notice of such deficiency to each nationally recognized municipal securities information repository recognized by the Securities and Exchange Commission from time to time for purposes of Rule 15c2-12 (each a "National Repository") and to DTC or any successor depository; and (ii) until the balance in the Note Payment Account satisfies such requirement, credit to the Note Payment Account all Current General Fund Revenues then available and thereafter received and borrow (to the extent permitted by law) for credit to the Note Payment Account from other State funds. Such notice is to be given by electronic transmission unless the designated recipient thereof has otherwise requested the Treasurer to use another means of transmission. In the event the designated recipient does not utilize electronic transmission and has not otherwise requested a specific means of transmission from the Treasurer, such notice is to be by first-class mail, postage prepaid.

The Treasurer covenants that moneys in the Note Payment Account not immediately needed will be invested only in investments maturing on or before the Maturity Date and authorized by the Funds Management Act, Title 24, Article 36, C.R.S., or, to the extent applicable, Title 24, Article 75, Part 6, C.R.S. Investment earnings on moneys held in the Note Payment Account are to be retained in the Note Payment Account until the balance therein equals or exceeds the principal of and interest due on the Series 2007A Notes and Additional Notes, if any, on the Maturity Date. See "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Investment Policies."

Monthly Disclosure. The Treasurer covenants in the Authorizing Resolution to prepare on or about the 25th day of each month, beginning in August 2007, to be distributed as soon as possible thereafter, written projections of (i) Current General Fund Revenues, (ii) any cash expenditure or other cash disbursement that may be made from any cash income or cash receipts duly credited to the General Fund for Fiscal Year 2007-08, (iii) General Fund balances and (iv) borrowable amounts in other State funds for such month and each month remaining in Fiscal Year 2007-08. For the purposes of preparing the projections, the Treasurer is to use the quarterly revenue projections prepared by the Office of State Planning and Budgeting (the "OSPB"). See "FINANCIAL OPERATIONS – Budget Process" and "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Revenue Estimation – OSPB Revenue and Economic Forecasts."

The Treasurer also covenants to prepare on or about the 25th day of each month, commencing in August 2007, to be distributed as soon as possible thereafter, a table showing the investment by category of the moneys in the State pool for the immediately proceeding month. Such table is to be substantially in the form set forth in "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Investment Policies – *Fiscal Year 2005-06 Investments of the State Pool*."

The Treasurer covenants to provide the projections and table of investments for each month on or before the last business day of the following month to each National Repository and to any Beneficial Owner of a Series 2007A Note requesting the same in writing, in the manner provided in "*Note Payment Account*" above. See also "CONTINUING DISCLOSURE."

If at any time a monthly projection shows that Pledged Revenues will be insufficient to permit the required credits to the Note Payment Account, the Treasurer is required under the Authorizing Resolution to: (i) immediately give notice of such determination to each National Repository and to DTC or any successor securities depository; and (ii) credit to the Note Payment Account all Current General Fund Revenues then available and thereafter received, and borrow from other State funds (to the extent permitted by law) for credit to the Note Payment Account, until there has been credited to the Note Payment Account an amount equal to the amount by which the required credits are projected to be insufficient. The Treasurer also covenants in the Authorizing Resolution to make no repayment of moneys borrowed from any other funds of the State until the amount on deposit in the Note Payment Account is at least equal to the principal and interest due on the Series 2007A Notes and any Additional Notes on the Maturity Date.

For a discussion of the anticipated cash flow to the General Fund, the sources thereof and the procedures to be followed for and the limitations on interfund borrowing, see generally "FINANCIAL OPERATIONS," "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE" and "GENERAL FUND CASH FLOW."

Additional Notes

The Authorizing Resolution authorizes the Treasurer to issue Additional Notes payable from and secured by a pledge of all or a portion of the Pledged Revenues on a parity with (but not superior to) the pledge in favor of the registered owners of the Series 2007A Notes. The Additional Notes may have such details as the Treasurer may determine; provided, however, that the Additional Notes are required to be (i) non-redeemable prior to the Maturity Date, (ii) due and payable as to both principal and interest on the Maturity Date and (iii) payable from the Note Payment Account. The Treasurer currently does not anticipate issuing any Additional Notes, but reserves a right to do so.

Defaults and Remedies

Each of the following constitutes an "Event of Default" under the Authorizing Resolution:

- Payment of the principal of or interest on any of the Series 2007A Notes is not made on the Maturity Date;

- The balance credited to the Note Payment Account on June 16, 2008, is less than the principal and interest due on the Series 2007A Notes and Additional Notes, if any, on the Maturity Date; or

- The State fails to observe or perform any condition, agreement or covenant contained in the Authorizing Resolution or the Series 2007A Notes and such failure continues for 15 days after receipt of written notice by the Treasurer from any registered owner of the Series 2007A Notes.

Upon the occurrence of any Event of Default, the Authorizing Resolution provides that any registered owner of the Series 2007A Notes may: (i) sue or commence an action or proceeding to collect sums due and owing on the Series 2007A Notes or to enforce and protect such registered owner's rights under the Authorizing Resolution and the Series 2007A Notes; (ii) compel, to the extent permitted by law, by mandamus or otherwise, the performance by the State of any covenant in the Authorizing Resolution or the Series 2007A Notes; or (iii) examine the books and records of the State and require the Treasurer to account for all moneys and investments constituting the Pledged Revenues as if the Treasurer were the trustee of an express trust. Neither principal of nor interest on the Series 2007A Notes may be accelerated as a consequence of any Event of Default.

If on the Maturity Date the moneys in the Note Payment Account are not sufficient to pay the principal of and interest on the Series 2007A Notes and Additional Notes, if any, the Treasurer is to ratably apply the moneys in the Note Payment Account to the payment of the principal and interest then due and unpaid upon the Series 2007A Notes and Additional Notes, if any, without preference or priority of principal over interest or of interest over principal, or of any Series 2007A Note or Additional Notes, if any, over any other Series 2007A Note or Additional Notes, if any, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

Tax Covenant

The Treasurer covenants in the Authorizing Resolution for the benefit of the registered owners of the Series 2007A Notes that the Treasurer will not take any action or omit to take any action with respect to the Series 2007A Notes, the proceeds thereof or other funds of the State if such action or omission would (i) cause the interest on the Series 2007A Notes to lose its exclusion from gross income for federal income tax purposes under the Tax Code and the U.S. Treasury Regulations promulgated thereunder, (ii) cause interest on the Series 2007A Notes to lose its exclusion from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except to the extent such interest is required to be included in the adjusted current earnings adjustment applicable to corporations under Section 56 of the Tax Code in calculating corporate alternative minimum taxable income or (iii) cause interest on the Series 2007A Notes to lose its exclusion from State taxable income or State alternative minimum taxable income under present State law. This covenant is to remain in full force and effect notwithstanding the payment in full of the Series 2007A Notes until the date on which all obligations of the Treasurer in fulfilling such covenant under the Tax Code and State law have been met. See also "TAX MATTERS."

INVESTMENT CONSIDERATIONS

An investment in the Series 2007A Notes involves certain investment risks that are discussed throughout this Official Statement. Each prospective investor should make an independent evaluation of all information presented in this Official Statement in order to make an informed investment decision. Particular attention should be given to the factors described below that, among others, could affect the payment of the principal of and interest on the Series 2007A Notes.

Limited Obligations

The Series 2007A Notes are special, limited obligations of the State payable solely from and secured by a pledge of the Pledged Revenues. The State has not pledged its General Fund, taxing power or revenues, other than the Pledged Revenues, to the payment of the Series 2007A Notes. The Series 2007A Notes do not constitute a debt, indebtedness or multiple fiscal year financial obligation of the State or any political subdivision thereof within the meaning of any applicable provision of the constitution or laws of the State, and no governmental entity has pledged its faith and credit for the payment of the Series 2007A Notes. If an Event of Default under the Authorizing Resolution should occur, the State may not have sufficient Pledged Revenues to pay the principal of and/or the interest on the Series 2007A Notes. See "THE SERIES 2007A NOTES – Security and Sources of Payment – Defaults and Remedies."

General Fund Revenue Forecast

The June 2007 OSPB Revenue Forecast indicates that the Fiscal Year 2006-07 budget is balanced and the State will have enough funds to preserve the Fiscal Year 2006-07 and Fiscal Year 2007-08 statutory 4% reserve requirement (the "Unappropriated Reserve") specified in Section 24-75-201.1(1)(d)(III), C.R.S.

The State's Fiscal Year budgets are not prepared on a cash basis, but rather are prepared using the accrual method of accounting in accordance with the standards promulgated by the Governmental Accounting Standards Board ("GASB"), with certain statutory exceptions. The State could experience temporary and cumulative cash shortfalls as the result of differences in the timing of the actual receipt of revenues and payment of expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on an accrual basis, which does not take into account the timing of when such amounts are received or paid. If an unanticipated cash shortfall were to occur in late Fiscal Year 2007-08, it may adversely affect the State's ability to repay the Series 2007A Notes. See "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Revenue Estimation," "GENERAL FUND CASH FLOW" and "FORWARD LOOKING STATEMENTS."

Additional Notes

The Authorizing Resolution permits the State to issue Additional Notes upon satisfaction of certain conditions provided therein and in the Funds Management Act. If Additional Notes are issued, they would be payable from and secured by a pledge of the Pledged Revenues on a parity with the pledge securing the Series 2007A Notes. Therefore, the issuance of Additional Notes could adversely impact the investment security for the Series 2007A Notes. See "THE SERIES 2007A NOTES – Authorization – Additional Notes."

Loss of Tax Exemption

As discussed in "TAX MATTERS," the interest on the Series 2007A Notes could become includable in gross income for federal income tax purposes and/or become includable in Colorado taxable income or Colorado alternative minimum taxable income as a result of a failure of the State to comply with certain covenants contained in the Authorizing Resolution.

THE STATE

General Profile

Colorado became the 38th state of the United States of America when it was admitted to the union in 1876. Its borders encompass 104,247 square miles of the high plains and the Rocky Mountains, with elevations ranging from 3,350 to 14,431 feet above sea level. The current population of the State is approximately 4.7 million. The State's major economic sectors include agriculture, manufacturing, technology, tourism, energy production and mining. Considerable economic activity is generated in support of these sectors by government, wholesale and retail trade, transportation, communications, public utilities, finance, insurance, real estate and other services. See also "APPENDIX A – STATE COMPREHENSIVE ANNUAL FINANCIAL REPORT AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2006" and "APPENDIX B – SELECTED STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information about the State.

Organization

The State maintains a separation of powers utilizing three branches of government: executive, legislative and judicial. The executive branch comprises four major elected officials: the Governor, State Treasurer, Attorney General and Secretary of State. The chief executive power is allocated to the Governor, who has responsibility for administering the budget and managing the executive branch. The State constitution empowers the State legislature, known as the General Assembly, to establish up to 20 principal departments in the executive branch. Most departments of the State report directly to the Governor; however, the Departments of Treasury, Law and State report to their respective elected officials, and the Department of Education reports to the elected State Board of Education. The elected officials serve four year terms. The current term of such officials expires on the second Tuesday in January, 2011, and each office will be subject to a general election in November 2010. No elected executive official may serve more than two consecutive terms in the same office.

The General Assembly is bicameral, consisting of the 35-member Senate and 65-member House of Representatives. Senators serve a term of four years and representatives a term of two years. No senator may serve more than two consecutive terms, and no representative may serve more than four consecutive terms. The State constitution allocates to the General Assembly legislative responsibility for, among other things, appropriating State moneys to pay the expenses of State government. The General Assembly meets annually in regular session beginning no later than the second Wednesday of January of each year. Regular sessions may not exceed 120 calendar days. Special sessions may be convened by proclamation of the Governor or by written request of two-thirds of the members of each house to consider only those subjects for which the special session is requested.

FINANCIAL OPERATIONS

The Treasurer

The State constitution provides that the Treasurer is to be the custodian of public funds in the Treasurer's care, subject to legislative direction concerning safekeeping and management of such funds. The Treasurer is the head of the statutorily created Department of the Treasury (the "Treasury"), which receives all State moneys collected by or otherwise coming into the hands of any officer, department, institution or agency of the State. The Treasurer deposits and disburses those moneys in the manner prescribed by law. Every officer, department, institution and agency of the State charged with the responsibility of collecting taxes, licenses, fees and permits imposed by law and of collecting or accepting tuition, rentals, receipts from the sale of property and other moneys accruing to the State from any source is required to transmit those moneys to the Treasury under procedures prescribed by law or by fiscal rules promulgated by the Controller. The Treasurer and the Controller may authorize any department, institution or agency collecting or receiving State moneys to deposit such moneys to a depository to the Treasurer's credit in lieu of transmitting such moneys to the Treasury, and any moneys derived from the operation of a business-type enterprise may be deposited by the agency, institution or department receiving such moneys in accordance with procedures approved by the Treasurer and the Controller.

The Treasurer has discretion to invest in a broad range of interest-bearing securities described by statute. See "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Investment Policies." All interest derived from the deposit and investment of State moneys must be credited to the General Fund unless otherwise expressly provided by law.

Previous State Note Issues

The Funds Management Act authorizes the Treasurer, on behalf of the State, to issue and sell notes payable from the anticipated revenues of any one or more funds or groups of accounts to meet temporary cash flow shortfalls. Since 1984, with the exception of each of Fiscal Years 1990-91, 1991-92 and 1998-99, the State has issued tax and revenue anticipation notes pursuant to the Funds Management Act in order to fund cash flow shortfalls in the General Fund. For each of Fiscal Years 1990-91, 1991-92 and 1998-99, the State funded cash flow shortfalls by use of Borrowable Resources. All tax and revenue anticipation notes issued by the State have been paid in full when due.

Taxpayer's Bill of Rights

The Constitutional Provision. Article X, Section 20 of the State constitution, commonly known as the Taxpayer's Bill of Rights, or "TABOR," imposes various fiscal limits and requirements on the State and its local governments. Overall, TABOR is a limitation on the amount of revenue that may be kept by the State in any particular year, regardless of whether that revenue is spent during the year. Any revenue received during a Fiscal Year in excess of the limitations provided for in TABOR must be refunded to the taxpayers during the next Fiscal Year. TABOR implements these revenue limitations through certain restrictions and limitations on spending, including the following:

(a) Prior voter approval is required for: (i) any increase in State "fiscal year spending" from one year to the next in excess of the percentage change in the U.S. Bureau of Labor Statistics Consumer Price Index for Denver, Boulder and Greeley, all items, all urban consumers, or its successor index, plus the percentage change in State population in the prior calendar year, adjusted for revenue changes approved by voters after 1991; or (ii) any new State tax, State tax rate increase, extension of an expiring State tax, State tax policy change directly causing a net revenue gain to the State or the creation of any State "multiple fiscal year direct or indirect ... debt or other financial obligation." "Fiscal year spending" is defined as all expenditures and reserve increases except those for refunds made in the current or next Fiscal Year or those from gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, reserve transfers or expenditures, damage awards or property tax sales. This effectively defines spending as all revenues received by the State other than those items that are specifically excluded.

(b) If revenues received from sources not excluded from fiscal year spending exceed the prior Fiscal Year's spending plus the adjustment described in clause (a)(i) above, the excess must be refunded in the next Fiscal Year unless voters approve a revenue change.

(c) Under TABOR, the State must maintain an emergency reserve equal to 3% of its fiscal year spending (the "TABOR Reserve"). The TABOR Reserve may be expended only upon: (i) the declaration of a State emergency by passage of a joint resolution approved by a two-thirds majority of the members of both houses of the General Assembly and subsequently approved by the Governor; or (ii) the declaration of a disaster emergency by the Governor. For Fiscal Year 2007-08, the Long Appropriation Bill (the "Long Bill"), in conjunction with other legislation, designates the funds that constitute the TABOR Reserve. These funds include portions of the Major Medical Insurance Fund, the Subsequent Injury Fund, the Worker's Compensation Cash Fund, the Wildlife Cash Fund and Fund Equity, and certain State properties with an aggregate value of $80 million designated by the Governor. The funds and other assets described above, in aggregate, meet the TABOR Reserve requirement.

Statutes Implementing TABOR. A number of statutes implementing TABOR have been enacted by the General Assembly, including those that (i) define the revenues and spending included in the State's fiscal year revenue and spending for purposes of the revenue and spending limits of TABOR, (ii) specify the accounting treatment of refunds owed by the State under TABOR and (iii) define State operations that qualify as "enterprises" excluded from TABOR.

The "Ratchet Down" Effect of TABOR on State Revenues; Curative Measures. As discussed above, TABOR limits year-to-year increases in revenues, and therefore spending, to the percentage change in the U.S. Bureau of Labor Statistics Consumer Price Index for Denver, Boulder and Greeley, all items, all urban consumers, or its successor index, plus the percentage change in State population in the prior calendar year, plus any voter approved revenue (*i.e.*, tax) increase. There are no provisions in TABOR to account for cyclical revenue swings. This originally produced a "ratchet down" effect whenever State revenues declined from one Fiscal Year to the next and then rebounded in subsequent years. The ratcheting down occurred as the result of the TABOR requirements that the State's revenue base be reduced to the lower amount, without limitation, but that the State's revenue base may be increased only to the extent of the limitations stated above, with any excess to be refunded. Such a ratcheting down occurred between Fiscal Years 2001-02 and 2002-03, when State revenues declined by 13.0%, followed by increases in each of the ensuing fiscal years.

Legislation enacted during the 2002 legislative session, described in "*The Growth Dividend*" below, mitigated the "ratcheting down" effect of TABOR through the decennial census adjustment, and Referendum C, approved by the State's voters on November 1, 2005 and described in "*Colorado Economic Recovery Act*" below, has eliminated the "ratcheting down" effect of TABOR on the State altogether.

The "Growth Dividend." House Bill ("HB") 02-1310 and Senate Bill ("SB") 02-179 enabled the State to recoup revenues lost as the result of the TABOR limits having been computed during the 1990s using population estimates that were too low. This undercount resulted in lower TABOR limits and higher refunds than would have occurred using more accurate population figures. The percentage change associated with this lost revenue was called the "growth dividend."

The TABOR limit for Fiscal Year 2001-02 was calculated using the 2000 census measure of the State's population compared with an estimate of 1999 population that was not yet revised to reflect the 2000 census. In 2001, the U.S. Bureau of the Census reported that the State's population between 1990 and 2000 was undercounted by 6%.

Since the State was not in a TABOR surplus position in Fiscal Year 2001-02, it could not recoup the excess amount refunded to taxpayers through the 1990s as the result of the undercounting of the State's population. HB 02-1310 and SB 02-179 permitted the growth dividend to be carried forward for up to nine years. The growth dividend was applied to the TABOR limit in an amount that maximizes the TABOR revenue growth rate subject to available TABOR revenues. In subsequent years, the unused amount of the growth dividend is applied in a similar manner until either the cumulative amount by which the TABOR limit is increased equals 6% (the original growth dividend amount) or the nine-year limit is reached.

The State used the 6% growth dividend in Fiscal Years 2003-04 and 2004-05, which eliminated the TABOR surplus in Fiscal Year 2003-04 and reduced the TABOR surplus in Fiscal Year 2004-05. This adjustment allowed the State to retain $283.3 million in additional revenues in Fiscal Year 2003-04 and $187.2 million in additional revenues in Fiscal Year 2004-05.

Colorado Economic Recovery Act. During the 2005 legislative session, the General Assembly and the Governor agreed to four pieces of legislation that mitigated the effects of TABOR in an effort to relieve State budget challenges. Three of these measures, collectively referred to herein as "The Colorado Economic Recovery Act," were designed primarily to provide additional revenues for State operations, as well as the methodology for the allocation of additional revenues by subsequent appropriation. Implementation of two measures included in the Colorado Economic Recovery Act required Statewide voter approval, and on November 1, 2005, one of these measures, referred to as "Referendum C," was approved by State voters and later codified as Sections 24-77-103.6 and 24-77-106.5, C.R.S.

Referendum C permits the State to retain and appropriate State revenues in excess of the current TABOR limit on State spending for the period of July 1, 2005, through June 30, 2010 (Fiscal Years 2005-06 through 2009-10), thus making all revenues received by the State during this period available for appropriation. Referendum C does not, however, affect the 6% limit on the annual growth of total appropriations from the General Fund.

Referendum C establishes an "Excess State Revenues Cap" that serves as the new limit on State fiscal year spending beginning in Fiscal Year 2010-11. The Excess State Revenues Cap is an amount equal to the highest total State revenues for a Fiscal Year from the period of Fiscal Year 2005-06 through Fiscal Year 2009-10. In each subsequent Fiscal Year, the Excess State Revenues Cap is adjusted for inflation and a percentage change in State population, as well as such sum for the qualification or disqualification of enterprises. For purposes of the Excess State Revenues Cap, inflation, the percentage change in State population and the qualification or disqualification of an enterprise or debt service changes retain their meanings as they currently exist under TABOR and State law.

Referendum C also creates in the General Fund the "General Fund Exempt Account," to consist of the moneys collected by the State in excess of the TABOR limit. Moneys in the General Fund Exempt Account, once appropriated, may be used to fund: (i) health care; (ii) public elementary, high school and higher education, including any related capital construction; (iii) retirement plans for firefighters and police officers if the General Assembly determines such funding to be necessary; and (iv) strategic transportation projects in the Colorado Department of Transportation ("CDOT") Strategic Transportation Project Investment Program. HB 05-1350 specifies how moneys in the General Fund Exempt Account are to be appropriated or transferred under Referendum C.

Referendum C provides that, for each Fiscal Year that the State retains and spends State revenues in excess of the TABOR limit on State fiscal year spending, the Director of Research of the Legislative Council is to prepare by October 15th an excess State revenues legislative report that identifies the amount of excess State revenues retained by the State and describes how such excess State revenues have been expended. Referendum C requires that the report be published and made available on the official web site of the Colorado General Assembly. In addition, the Controller is required to prepare a report each Fiscal Year that identifies revenues that the State is authorized to retain pursuant to Referendum C and to certify the same no later than September 1st following the end of the Fiscal Year. Accordingly, in Fiscal Year 2005-06, the State was allowed to retain $1.116 billion. See "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – General Fund Overview."

OSPB currently forecasts that as the result of Referendum C, the additional revenue that will be available for the State to retain and appropriate beyond the TABOR limit as the result of Referendum C will be $1,259.4 million in Fiscal Year 2007-08, $1,013.4 million in Fiscal Year 2008-09, and $974.8 million in Fiscal Year 2009-10.

Effect of TABOR on the Series 2007A Notes. Voter approval under TABOR is not required for the issuance of the Series 2007A Notes as they are both issued and payable within the same Fiscal Year and as such do not constitute a "multiple fiscal year direct or indirect ... debt or other financial obligation" within the meaning of TABOR. Further, the revenue and spending limits of TABOR are not expected to affect the ability of the State to collect and spend the Pledged Revenues for the payment of the principal of and interest on the Series 2007A Notes and any Additional Notes.

State Funds

General Fund. The principal operating fund of the State is the General Fund. All revenues and moneys not required by the State constitution or statutes to be credited and paid into a special fund are required to be credited and paid into the General Fund. See "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE" and "GENERAL FUND CASH FLOW."

Certain Special Funds. The State's major special funds and their sources of revenue are as follows. Certain of these special funds constitute Borrowable Resources available for the purpose of paying the principal of and interest on the Series 2007A Notes. See "BORROWABLE RESOURCES."

The Public School Permanent Fund receives proceeds from the sale of land granted to the State by the federal government for educational purposes, estates that escheat to the State and grants, gifts or devises to the State for educational purposes. Additionally, funds may be transferred to the Public School Permanent Fund from the General Fund. The Public School Permanent Fund is <u>not</u> a Borrowable Resource.

The Highway Users Tax Fund receives revenues from licenses, registration fees or other charges with respect to the operation of motor vehicles and proceeds from excise taxes on gasoline and other liquid motor fuels (other than aviation fuel taxes) and a portion of State sales and use taxes when General Fund revenues are sufficient to maintain the Unappropriated Reserve. These revenues are to be used exclusively for construction, maintenance and supervision of the public highways. The Highway Users Tax Fund is <u>not</u> a Borrowable Resource.

The Old Age Pension Fund consists of: (i) 85% of all net revenues from sales and use taxes, excluding excise taxes on gasoline, and from certain license fees; (ii) 85% of all net revenues from taxes on malt, vinous or spirituous liquor and related license fees; (iii) all grants in aid from the federal government for old age assistance; (iv) inheritance taxes and incorporation fees; and (v) certain appropriated amounts. Each year, moneys remaining in the Old Age Pension Fund after full payment of base minimum awards, maintenance of a Stabilization Fund of $5 million and payment of amounts to a Health and Medical Care Fund (not to exceed $10 million in any Fiscal Year) are transferred to the General Fund. All amounts in the Old Age Pension Fund in excess of the $5 million allocated to the Stabilization Fund are Borrowable Resources.

The Major Medical Insurance Fund was established in 1971 to provide unlimited medical benefits to qualifying industrially injured workers whose injuries or occupational diseases occurred on or after that date. Subsequent statutory changes limited acceptance of cases to accidents occurring before July 1981. Revenues to the fund are derived from a surcharge on worker's compensation premiums. This surcharge is to continue until the fund balance reaches the actuarial present value of future obligations. Amounts in the Major Medical Insurance Fund in excess of up to $40 million that have been designated as a portion of the TABOR Reserve for Fiscal Year 2006-07 constitute a Borrowable Resource.

The State Education Fund was established as the result of a citizen initiated amendment to the State constitution approved by the voters in November 2000, commonly known as "Amendment 23." An amount equal to all State revenues collected from a tax of one-third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined by law, is required to be deposited into this fund. This fund may be used to support the Amendment 23 requirement that mandates the Statewide base per pupil funding amount to grow at a level at least equal to inflation plus 1% for the first ten years and by the rate of inflation thereafter. The fund represents a shift of General Fund money to a restricted cash fund. Amounts in the State Education Fund may not be transferred to the General Fund, and consequently the State Education Fund is <u>not</u> a Borrowable Resource.

The State also maintains various other statutorily created funds for which specific revenues are designated for specific purposes, some of which constitute Borrowable Resources available for the purpose, if necessary, of paying the Series 2007A Notes. See "BORROWABLE RESOURCES."

Budget Process

Phase I (Executive). The budget process begins in June of each year when State departments overseen by the Governor prepare both operating and capital budgets for the Fiscal Year beginning 13 months later. In August, these budgets are submitted to the OSPB, a part of the Governor's office, for review and analysis. The OSPB advises the Governor on departmental budget requests and overall budgetary status. Budget decisions are made by the Governor following consultation with affected departments and the OSPB. Such decisions are reflected in the first budget submitted in November by each department to the Joint Budget Committee of the General Assembly (the "JBC"), as described below. In January, the Governor makes additional budget recommendations to the JBC for the budget of all branches of the State government, except that the elected executive officials and the judicial branch make recommendations to the JBC for their own budgets.

Phase II (Legislative). The JBC, consisting of three members from each house of the General Assembly, develops the legislative budget proposal embodied in the Long Bill, which is introduced in and approved by the General Assembly. Following receipt of testimony by State departments and agencies, the JBC marks up the Long Bill and directs the manner in which appropriated funds are to be spent. The Long Bill includes General Fund appropriations provided for generally by tax revenues, cash funds, appropriations provided for by departmental charges for services and expenditure information regarding federal funds not subject to legislative appropriation. The Long Bill usually is reported to the General Assembly in March or April with a narrative text. Under current practice, the Long Bill is reviewed and debated in party caucuses in each house. Amendments may be offered by each house, and the JBC generally is designated as a conference committee to reconcile differences. The Long Bill always has been adopted prior to commencement of the Fiscal Year in July. Specific bills creating new programs or amending tax policy are considered separately from the Long Bill in the legislative process. The General Assembly takes action on these specific bills, some of which include additional appropriations separate from the Long Bill. The Long Bill for Fiscal Year 2007-08 was adopted by the General Assembly on April 20, 2007, and approved by the Governor on May 4, 2007.

Phase III (Executive). The Governor may approve or veto the Long Bill or any specific bills. In addition, the Governor may veto line items in the Long Bill or any bill that contains an appropriation. The Governor's veto is subject to override by a two-thirds majority of each house of the General Assembly.

Phase IV (Legislative). During the Fiscal Year for which appropriations have been made, the General Assembly may increase or decrease appropriations through supplemental appropriations. Any supplemental appropriations are considered amendments to the Long Bill and are subject to the line item veto of the Governor.

Revenues and Unappropriated Amounts. The amount of General Fund revenues available for appropriation is based upon revenue estimates that, together with other available resources, is required by law to exceed annual appropriations by 4%. This Unappropriated Reserve is available for possible deficiencies in revenues. See "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Revenue Estimation – Revenue Shortfalls."

Expenditures; The Balanced Budget and Statutory Spending Limitation. The State constitution requires that expenditures for any Fiscal Year not exceed revenues for such Fiscal Year. Total unrestricted General Fund appropriations for each Fiscal Year are limited in accordance with Section 24-75-201.1, C.R.S., to the lesser of an amount equal to 5% of State personal income or 106% of the unrestricted General Fund appropriations during the preceding Fiscal Year (sometimes referred to hereinafter as the 6% limit). Excluded from this limitation are: (i) any General Fund appropriation that, as a result of any requirement of federal law, is made for any new program or service or for any increase in the level of service for any existing program beyond the existing level of service; (ii) any General Fund appropriation that, as a result of any requirement of a final State or federal court order, is made for any new program or service or for any increase in the level of service for an existing program beyond the existing level of service; or (iii) any General Fund appropriation of any moneys that are derived from any increase in the rate or amount of any tax or fee that is approved by a majority of the registered electors of the State voting at any general election. The limitation on the level of General Fund appropriations may be exceeded for a given Fiscal Year upon the declaration of a State fiscal emergency by the General Assembly, which may be declared by the passage of a joint resolution approved by a two-thirds majority vote of the members of both houses of the General Assembly and approved by the Governor. General Fund revenues in excess of General Fund appropriations, the Unappropriated Reserve, statutory rebates and statutory transfers are to be retained in the General Fund and be available for appropriation for the Fiscal Year in which the excess is realized or for any future Fiscal Year, subject to the limitation on increases in General Fund appropriations. See "TABOR" above for a discussion of spending limits imposed on the State by TABOR and changes to these limits as the result of the recent approval of Referendum C.

Fiscal Year Spending and Emergency Reserves. TABOR imposes restrictions on increases in fiscal year spending without voter approval and requires the TABOR Reserve. See "TABOR" above.

Fiscal Controls and Financial Reporting

No moneys may be disbursed to pay any appropriations unless a commitment voucher has been prepared by the agency seeking payment and submitted to the central accounting system, which is managed by the State Controller's Office, a division of the Department of Personnel. The Controller is head of the State Controller's Office and has statutory responsibility for reviewing each commitment voucher submitted to determine whether the proposed expenditure is authorized by appropriation and whether the appropriation contains sufficient funds to pay the expenditure. All payments from the Treasury are made by warrants signed by the Controller and countersigned by the Treasurer, or by electronic funds transfer. The signature of the Controller on a warrant is full authority for the Treasurer to pay the warrant upon presentation.

The Controller is appointed by the Executive Director of the Department of Personnel. The Controller has statutory responsibility for coordinating all procedures for financial administration and financial control in order to integrate them into an adequate and unified system, conducting all central accounting and issuing warrants for payment of claims against the State. The Controller prepares a comprehensive annual financial report in accordance with generally accepted accounting principles ("GAAP") applicable to governmental entities, with certain statutory exceptions.

Basis of Accounting

For a detailed description of the State's basis of accounting, see Note 5 to the State's Fiscal Year 2005-06 Comprehensive Annual Financial Report appended to this Official Statement.

Basis of Presentation of Financial Results and Estimates

The financial reports and financial schedules contained in this Official Statement are based on different principles. The cash flow schedules include all financial activity reported specifically in the General Fund on a cash basis, while the financial statements and revenue estimates are computed on the modified accrual basis of reporting. Revenue estimates are prepared for those revenues that are related primarily to the general taxing powers of the State, and to a lesser degree include intergovernmental transactions, charges for services and receipts from the federal government. The General Fund as defined in the financial statements includes revenues and expenditures for certain special (cash) funds that are related to fees, permits and other charges.

Financial Audits

Financial and post-performance audits of all State agencies are performed by the State Auditor (the "Auditor") through her staff as assisted by independent accounting firms selected by the Auditor. The Auditor is an employee of the legislative branch and is appointed for a term of five years by the General Assembly based on the recommendations of the Legislative Audit Committee of the General Assembly. The present Auditor has been appointed to a term expiring on June 30, 2011. The Legislative Audit Committee consists of members of both houses of the General Assembly and has responsibility to direct and review audits conducted by the Auditor.

The State's Fiscal Year 2005-06 Comprehensive Annual Financial Report, including the State Auditor's Opinion thereon, is appended to this Official Statement. The State Auditor has not performed any proceedings in connection with the issuance of this Official Statement or the inclusion of the State Auditor's Opinion in the Official Statement.

HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE

General Fund Overview

The following table summarizes the actual revenues, expenditures and changes in fund balances for the General Fund for Fiscal Year 2001-02 through Fiscal Year 2005-06, and the forecast for Fiscal Year 2006-07 and Fiscal Year 2007-08 from the most recent OSPB Revenue Forecast of June 2007.

The table assumes current law for General Fund appropriations, capital construction transfers, other transfers to the General Fund and rebates and expenditures. It also reflects legislation passed by the 2007 General Assembly and signed into law by the Governor, as well as the effect of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Jobs Act") enacted in 2003. The Jobs Act funds two types of financial assistance for the states. Colorado received a total of about $86.4 million through the federal Medical Assistance Percentage Enhancement for Medicaid, which is reflected in the table. In addition, the State received approximately $146.0 million as flexible federal grants that are not reflected in the table because they were treated as custodial funds.

The table also takes into account two provisions of the Jobs Act that provide tax relief for State taxpayers but also affect State tax revenues. The growth incentives for businesses offered under the Jobs Act include a 50% bonus depreciation allowance and a small business expensing provision. These incentives have the effect of reducing federal adjusted income, which is the basis for the State's income tax, thus resulting in a corresponding reduction in State income tax revenues. Since the State uses an accrual system of accounting, some of the Fiscal Year 2003-04 decline in income tax receipts was counted against Fiscal Year 2002-03 revenues.

The format of the following table is used by the State in developing its annual budget, as discussed in "FINANCIAL OPERATIONS – Budget Process." See also "FORWARD LOOKING STATEMENTS."

[Remainder of page intentionally left blank]

State of Colorado
General Fund Overview

(Dollar amounts expressed in millions; totals may not add due to rounding)

	Fiscal Year						
	Actual					OSPB Forecast	
	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08
RESOURCES:							
Beginning Reserve	$ 469.3	$ 138.5	$ 216.6	$ 224.0	$ 237.4	$ 251.7	$ 267.0
Gross General Fund Revenues per OSPB Revenue Forecasts [1]:	5,836.7	5,665.4	6,045.2	6,474.8	6,964.6	7,449.9	7,784.6
General Fund	--	--	--	--	*5,848.5*	*6,188.3*	*6,525.2*
General Fund Exempt [2]	--	--	--	--	*1,116.1*	*1,261.6*	*1,259.4*
Deposit to the State Education Fund [1]	--	--	--	--	357.2	388.1	407.7
Gross General Fund Revenues plus Deposit to the State Education Fund [1]	5,836.7	5,665.4	6045.2	6474.8	7,321.8	7,838.0	8,192.3
SB 97-1 Diversion to the Highway Users Tax Fund [3]	--	--	--	--	(220.4)	(231.3)	(240.9)
Diversion to the Older Coloradans Program [4]	--	(3.0)	(2.3)	(1.5)	--	--	--
Transfer to the State Education Fund (net) [1]	(272.9)	(188.4)	(278.7)	(313.9)	--	--	--
Transfers to the General Fund [5]	789.7	525.3	54.4	65.7	157.9	(5.8)	(5.8)
TOTAL FUNDS AVAILABLE	6,822.8	6,137.8	6,035.2	6,449.0	7,139.5	7,464.5	7,804.9
EXPENDITURES:							
General Fund Appropriations Subject to the 6% Limit (Long Bill and Supplemental Bills) [6]	5,643.0	5,414.5	5,600.2	5,935.2	6,292.7	6,675.6	7,084.0
Exceptions to the 6% Limit [7]	--	--	--	1.3	5.0	7.5	6.1
Appropriations Change	303.4	(238.5)	185.8	337.2	361.2	382.9	408.4
Percent Change	5.7%	(4.2)%	3.4%	6.0%	6.1%	6.1%	6.1%
Spending Outside the 6% Limit:							
K-12 Capital Construction [8]	10.0	--	--	--	--	--	--
Capital Construction Freeze (SB 03-179)	--	(30.5)	--	--	--	--	--
Federal Medical Assistance Enhancement for Medicaid	--	(15.0)	(71.4)	--	--	--	--
TABOR Refund	927.2	--	–	41.1	--	--	--
Rebates and Expenditures [9]	135.7	134.7	112.8	110.7	153.4	164.0	168.9
Senior Homestead Exemption [10]	--	62.6	--	--	--	74.2	76.2
Transfers to Capital Construction [11]	--	10.6	9.5	0.2	10.1	145.9	47.0
Transfer to Controlled Maintenance Trust Fund [12]	--	--	--	55.0	--	--	--
General Fund Payback [13]	2.5	349.6	56.2	--	--	--	--
Reversions and Accounting Adjustments [14]	(30.1)	(5.8)	(18.5)	(30.6)	(10.1)	--	--
	1,045.2	506.2	88.6	176.4	153.4	384.1	292.1
TOTAL OBLIGATIONS	6,688.2	5,920.7	5,688.8	6,112.9	6,451.1	7,067.2	7,382.2
RESERVES							
Year-End Reserve	137.5	224.9	346.3	335.4	688.4	397.4	422.7
Year-End Reserve as a Percent of Appropriations	2.4%	4.2%	6.2%	5.6%	10.9%	6.0%	6.0%
Statutory Reserve: 4% of General Fund Appropriations [15]	137.5	131.3	224.0	237.4	251.7	267.0	283.4
Moneys in Excess of Reserve:	--	93.7	121.8	98.0	436.7	130.4	139.3
Reserved for Transportation [15, 16]	--	*5.6*	*81.2*	*65.3*	*291.1*	*86.9*	*92.9*
Reserved for Capital Construction [15, 16]	--	*2.8*	*40.6*	*32.7*	*145.6*	*43.5*	*46.4*

[1] Amendment 23 mandates that, effective January 1, 2001, an amount equal to all State revenues collected from a tax of one-third of one percent on federal taxable income, as modified by law, of every individual, estate, trust and corporation, as defined by law, is to be deposited to the State Education Fund. For Fiscal Years 2001-02 through 2004-05, for purposes of the OSPB revenue forecasts, the amount deposited to the State Education Fund was included in gross General Fund revenues and then deducted to arrive at total funds available. Beginning with Fiscal Year 2005-06, such deposit is no longer included in gross General Fund revenues but rather is shown in the OSPB revenue forecasts as an addendum for informational purposes. For comparative purposes, for Fiscal Years 2005-06 and thereafter gross General Fund revenues are shown both as reported in the OSPB revenue forecasts and together with the amount deposited to the State Education Fund.

[2] Under Referendum C, a "General Fund Exempt Account" is created in the General Fund, which consists of moneys collected in excess of the TABOR limit in accordance with Referendum C. See "FINANCIAL OPERATIONS – Taxpayer's Bill of Rights – *Colorado Economic Recovery Act*."

[3] When General Fund appropriations grow by 6.0%, 10.36% (10% prior to January 1, 2001) of sales and use taxes are diverted to the Highway Users Tax Fund per SB 97-1 and HB 00-1259.

[4] Per HB 00-1072 and HB 01-1079, $3.0 million was appropriated to the Older Coloradans Cash Fund in each of Fiscal Years 2000-01 and 2001-02; and per HB 02-1209, $2.0 million per year was appropriated to the Older Coloradans Cash Fund in each of Fiscal Years 2002-03 through FY 2005-06. Per HB 06-1018, $3.0 million is to be appropriated to the Older Coloradans Cash Fund in Fiscal Year 2006-07, and per HB 07-1100, $5.0 million per year is to be appropriated to the Older Coloradans Cash Fund in each of Fiscal Years 2007-08 and beyond.

[Footnotes continued on next page]

[5] This figure represents the total transfers to the General Fund per HB 02-1267, HB 02-1391, HB 02-1392, HB 02-1443, HB 02-1444, HB 02-1445, HB 02-1478, SB 03-107, SB 03-172, SB 03-179, SB 03-188, SB 03-190, SB 03-191, SB 03-260, SB 03-261, SB 03-271, SB 03-274, SB 03-296, SB 03-300, HB 04-1417, HB 04-1421, HB 05-1262, SB 05-210 and SB 05-211, as well as transfers and diversions from the General Fund under the Older Coloradans Act. In Fiscal Year 2005-06, paybacks to cash funds totaling $67.1 million are also included.

[6] The Fiscal Year 2001-02 appropriations figure includes $3.6 million that is exempt from the statutory 6% limit on annual increases in unrestricted General Fund appropriations. This figure also includes a $35.2 million appropriation to the Highway Users Tax Fund, a $78.9 million appropriation to the Capital Construction Fund and a $3 million appropriation to the Older Coloradans program. See "FINANCIAL OPERATIONS – Budget Process – *Expenditures; The Balanced Budget and Statutory Spending Limitation.*"

[7] In Fiscal Year 2005-06, $5.0 million was appropriated to the Department of Education as a result of a requirement of a final state court order; and in Fiscal Year 2006-07, per HB 06-1395, $5.8 million is appropriated for residential child health care and is not subject to the statutory 6% limit, but is used as the base for calculation of next year's appropriation limit.

[8] SB 00-181 transfers money to the K-12 Capital Construction Fund. This money is exempt from the statutory 6% limit on annual increases in unrestricted General Fund appropriations, but is used as the base for calculation of the following year's limit. In Fiscal Year 2002-03, the payment to the K-12 Capital Construction Fund was made from the State Education Fund ($10.9 million) and funding from Powerball ($4.1 million). In Fiscal Year 2003-04, the payment to the K-12 Capital Construction Fund was made from the State Education Fund and Powerball. Per HB 06-1385, in FY 2005-06, $5.0 million is appropriated from the General Fund. Per Section 24-75-201.1(4)(c), C.R.S., in Fiscal Year 2004-05 and thereafter, the payment to the K-12 Capital Construction Fund is not made unless General Fund revenues exceed the Unappropriated Reserve by at least $80 million.

[9] Per SB 03-263, State expenditures for unfunded, old hire pension plans in the Fire and Police Pensions Association were eliminated in Fiscal Years 2003-04 and 2004-05. Per SB 05-209, the Volunteer Firefighter Retirement Plan and Volunteer Firefighter Death and Disability Insurance appropriations are not subject to the limitation on General Fund appropriation growth limit and are included in the amounts shown for Fiscal Years 2003-04 and 2004-05.

[10] SB 03-265 eliminated the senior Homestead Exemption property tax credit in Fiscal Years 2003-04 through 2005-06. Such credit is again available effective with Fiscal Year 2006-07.

[11] HB 04-1412 eliminated the General Fund transfer to the Capital Construction Fund in Fiscal Years 2004-05 and 2005-06. The transfers shown in the table in these Fiscal Years are per HB 04-1003 and HB 04-1021, respectively.

[12] HB 04-1267 repealed the statutory requirement to repay the Controlled Maintenance Trust Fund in Fiscal Years 2004-05 and 2005-06. Per SB 05-211, $55 million was transferred to the Controlled Maintenance Trust Fund on June 30, 2005.

[13] Per HB 02-1391, the State is required to pay back some transfers into the General Fund if there are sufficient revenues. In addition, SB 02-1445 and HB 02-1478 required the State to repay on July 1, 2002, the Major Medical Fund and Tobacco Settlement Fund in the same amount that was transferred to the General Fund in Fiscal Year 2001-02. HB 02-1391 required the State to repay the $2.5 million transfer from the Species Conservation Fund by June 30, 2002, which amount was paid from year-end reversions. SB 03-191 required that $10 million be repaid to the Major Medical Fund on July 1, 2003, and SB 03-274 required that up to $6.9 million be repaid to the Local Government Limited Gaming Impact Fund by September 1, 2003, from any revenues above $5 million collected through the tax amnesty program.

[14] The Governor ordered an additional 1.5% General Fund budget reduction in Fiscal Year 2001-02 and a hiring freeze for all executive branch departments. The departments reverted $26.3 million in Fiscal Year 2001-02 as a result of these actions.

[15] HB 02-1478 eliminated the 4% Unappropriated Reserve requirement for Fiscal Year 2001-02 as a means of providing a potential source of funds to cover any General Fund revenue shortfall. SB 03-349 reduced the Unappropriated Reserve requirement for Fiscal Year 2002-03 from 4% of General Fund appropriations to 3% of General Fund appropriations as reduced by $31.175 million plus the portion of the reserve that the Governor was authorized to disburse pursuant to Section 24-75-201.5(1)(d)(III)(A), C.R.S., not to exceed $132 million, in order to cover a General Fund revenue shortfall.

[16] Per SB 02-1310, two-thirds of the General Fund reserve in excess of the 4% Unappropriated Reserve requirement is required to be credited to the Highway Users Tax Fund, and one-third of such excess is to be credited to the Capital Construction Fund.

Sources: State Treasurer's Office and OSPB June 2007 Revenue Forecast

Recent General Fund Financial Results

The following is a discussion of General Fund revenues for the past five Fiscal Years. The amount of General Fund revenues received in prior years is not necessarily indicative of the amount of revenues to be expected for any future Fiscal Years. See also "General Fund Revenue Sources" below.

Fiscal Year 2005-06. General Fund revenues (including deposits to the State Education Fund per Amendment 23) grew 13.1% in Fiscal Year 2005-06, after increasing 7.1% in Fiscal Year 2004-05. Sales and use tax revenues increased 5.7%, compared with an increase of 5.2% in Fiscal Year 2004-05. Individual income tax revenues increased 17.9%, after increasing 7.6% in Fiscal Year 2004-05. Total available funds for Fiscal Year 2005-06 (which excludes the amount deposited to the State Education Fund) were $7,139.5 million and total obligations were $6,451.1 million. In accordance with Amendment 23, $357.2 million was transferred to the State Education Fund, and in accordance with SB 02-1310, two-thirds of the General Fund reserve in excess of the 4% Unappropriated Reserve requirement ($291.1

million) was transferred for transportation construction and one-third of such excess ($145.6 million) was transferred for capital construction. Additionally, per SB 97-001, $220.4 million was transferred to the Highway Users Tax Fund. See also Management's Discussion and Analysis in "APPENDIX A – STATE COMPREHENSIVE ANNUAL FINANCIAL REPORT AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2006," as well as "OSPB Revenue and Economic Forecasts" below.

Fiscal Year 2004-05. General Fund revenues grew 7.1% in Fiscal Year 2004-05, after increasing 6.7% in Fiscal Year 2003-04. Sales and use tax revenues increased 5.2%, compared with an increase of 3.7% in Fiscal Year 2003-04. Individual income tax revenues increased 7.6%, compared with an increase of 10.5% in Fiscal Year 2003-04. Total available funds for Fiscal Year 2004-05 were $6,449.0 million and total obligations were $6,112.9 million. In accordance with Amendment 23, $313.9 million was transferred to the State Education Fund, and in accordance with SB 02-1310, two-thirds of the General Fund reserve in excess of the 4% Unappropriated Reserve requirement ($65.3 million) was transferred for transportation construction and one-third of such excess ($32.7 million) was transferred for capital construction.

Fiscal Year 2003-04. General Fund revenues rose 6.7% in Fiscal Year 2003-04, compared with a decrease of 3.1% in Fiscal Year 2002-03. Sales and use tax revenues increased 3.7%, compared to a decline of 3.0% in Fiscal Year 2002-03. Individual income tax revenues increased 10.5%, compared with a decline of 6.7% in Fiscal Year 2002-03. Total available funds for Fiscal Year 2003-04 were $6,035.2 million and total obligations were $5,688.8 million. In accordance with Amendment 23, $278.7 million was transferred to the State Education Fund, and in accordance with SB 02-1310, two-thirds of the General Fund reserve in excess of the 4% Unappropriated Reserve requirement ($81.2 million) was transferred for transportation construction and one-third of such excess ($40.6 million) was transferred for capital construction.

Fiscal Year 2002-03. In Fiscal Year 2002-03, General Fund revenues declined by 3.1%. Excise taxes declined 2.5% and total income taxes declined 5.0%, although miscellaneous revenues increased 12.6%. The June 2003 tax amnesty program increased Fiscal Year 2002-03 State tax revenues by nearly $25 million. The amount of $188.6 million was transferred to the State Education Fund in accordance with Amendment 23. There was no SB 97-1 diversion to the Highway Users Tax Fund and capital construction expenditures totaled $10.6 million. The General Fund ended the year with a $224.9 million reserve, or 4.2% of appropriations. This exceeded the Unappropriated Reserve requirement, which had been lowered by the General Assembly for Fiscal Year 2002-03 from 4% to 2.4% (a reduction of $93.7 million). In accordance with SB 02-1310, two-thirds of the General Fund reserve in excess of the 4% Unappropriated Reserve requirement ($5.6 million) was transferred to the Highway Users Tax Fund and one-third of such excess ($2.8 million) was transferred to the Capital Construction Fund. Total available General Fund revenues for Fiscal Year 2002-03 were $6,137.8 million and total obligations were $5,920.7 million.

Whenever the Governor's revenue estimate for the current Fiscal Year indicates that General Fund expenditures for such Fiscal Year based on appropriations then in effect will result in the use of one-half or more of the Unappropriated Reserve, the Governor is required to formulate a plan for the General Fund expenditures so that the Unappropriated Reserve as of the close of the Fiscal Year will be at least one-half of the required amount. As a result of the General Fund revenues shortfall in Fiscal Year 2002-03, the Governor and the General Assembly took certain actions to ensure that the State would not have a budget deficit in Fiscal Year 2002-03.

Fiscal Year 2001-02. In Fiscal Year 2001-02, General Fund revenues declined by 13.0%, compared with an increase of 6.8% in Fiscal Year 2000-01. Excise tax revenues declined by 2.6% and sales and use tax revenues, the largest categories of excise taxes, declined by 3.7%. Income tax revenue declined by 19.0%, with individual income tax revenues declining by 16.7% and corporate income tax revenues declining by 46.0%. Total available General Fund revenues for Fiscal Year 2001-02 were $6,822.8 million and total obligations were $6,688.2 million. In accordance with Amendment 23, $272.9 million was transferred to the State Education Fund. There was no diversion to the Highway Users Tax Fund, and capital construction expenditures were counted in the General Fund appropriations base. The year-end Unappropriated Reserve for Fiscal Year 2001-02 totaled $137.5 million, or 2.4% of appropriations.

General Fund Revenue Sources

The following is a description of the revenue sources to the General Fund. The major revenue sources are the individual income tax, the general sales and use tax and the corporate income tax. In Fiscal Year 2005-06, individual and corporate income taxes comprised 69.3% of total General Fund revenues, and general sales and use taxes contributed approximately 30.5% of total General Fund revenues.

Individual Income Tax. The largest source of General Fund revenues is receipts generated by the individual income tax. In Fiscal Year 2005-06, individual income tax revenue comprised 62.8% of total General Fund revenues. In Fiscal Year 2001-02, individual income tax revenues decreased 16.7% after the State lowered the income tax rate from 4.75% to 4.63% effective January 1, 2000. In Fiscal Year 2004-05, individual income tax revenues increased 7.6%, and in Fiscal Year 2005-06, individual income tax revenues increased 17.9%. Individual estimated payments declined in Fiscal Year 2002-03 due to lower capital gains resulting from the faltering stock market coupled with weak proprietors' income caused by the State's losses in its advanced technology, telecommunications, travel and tourism industries. However, during the same period, individual withholding taxes were essentially flat, indicating that the State's wage and salary base stabilized as the labor market stabilized. The OSPB forecasts that individual income tax receipts will increase 8.9% in Fiscal Year 2006-07 and 5.9% in Fiscal Year 2007-08.

Corporate Income Tax Revenue. Corporate income tax revenues accounted for 6.4% of total General Fund revenues in Fiscal Year 2005-06. Corporate tax receipts are the most volatile revenue source for the General Fund. After decreasing nearly 50% in Fiscal Year 2001-02, corporate income tax revenues increased 26.4% in Fiscal Year 2002-03 and 4.5% in Fiscal Year 2003-04. In Fiscal Years 2004-05, corporate income tax receipts rose 33.9% as a result of the 50% bonus depreciation and increased small business expensing provisions of the federal Jobs and Growth Tax Relief Reconciliation Act of 2003 (the "Jobs Act of 2003"), the depreciation and expensing provisions of which expired in calendar year 2004. Part of the Fiscal Year 2002-03 growth in corporate income tax receipts was the result of an accrual adjustment necessary because the June 2002 forecast for corporate income taxes was well below the actual amounts received in Fiscal Year 2002-03. In addition, the cost cutting measures undertaken over the past few years, coupled with productivity increases, have improved corporate profitability and minimized losses. In Fiscal Year 2005-06, corporate income tax receipts increased 42.0% due to one-time revenue received from the repatriation of corporate foreign earnings under the American Jobs Creation Act of 2004 (the "Jobs Act of 2004"). The OSPB estimates that corporate tax receipts will increase only 2.7% in Fiscal Year 2006-07 and decline 3.4% in Fiscal Year 2007-08, due in part to the effect of the one-time revenue received in Fiscal Year 2005-06. Companies will also not have as many deductions to claim against their 2005 tax bill as a result of the expiration of the accelerated depreciation that was allowed under the Jobs Act of 2003. See "General Fund Overview" above.

Sales and Use Taxes. Sales and use tax receipts accounted for 30.5% of General Fund revenue in Fiscal Year 2005-06. Sales and use tax revenues increased 3.7% in Fiscal Year 2003-04, 5.2% in Fiscal Year 2004-05 and 5.7% in Fiscal Year 2005-06. Sales tax revenues are expected to continue to grow as the economy strengthens, and the OSPB forecasts that sales and use tax revenues will increase 5.2% in Fiscal Year 2006-07 and 4.2% in Fiscal Year 2007-08.

Other Excise Taxes. In addition to the State sales and use tax, the State imposes excise taxes on the sale of cigarettes, tobacco products and liquor. These other excise tax receipts accounted for 1.3% of General Fund revenue in Fiscal Year 2005-06. Other excise tax revenues decreased 2.3% in Fiscal Year 2001-02 and 0.6% in Fiscal Year 2002-03, followed by increases of 2.3% in Fiscal Year 2003-04 and 0.2% in Fiscal Year 2004-05 and a decrease of 4.9% in Fiscal Year 2005-2006. The OSPB forecasts that other excise tax receipts will decrease 0.2% in Fiscal Year 2006-07 and increase 0.5% in Fiscal Year 2007-08.

In November 2004, Colorado voters passed Amendment 35, which increased the tax on all tobacco products by 20% and increased the tax on cigarettes by 60¢ per pack beginning in 2005. This has contributed to the decrease in other excise tax revenues in Fiscal Year 2005-06 and the forecasted decrease in Fiscal Year 2006-07 as sales of cigarettes and other tobacco products have declined as the result of Amendment 35. The additional revenues generated by the tax are TABOR exempt. Therefore, while cash collections increased as a result of the additional tax, General Fund revenues declined as the number of cigarette and other tobacco products purchased decreased due to increased product costs. The additional cash collections are deposited to the Tobacco Tax Cash Fund created by Amendment 35. To the extent available and unappropriated by law, funds in the Tobacco Tax Cash Fund are Borrowable Resources.

Other Revenues. This category of tax receipts, which contributed 4.1% of total General Fund revenues in Fiscal Year 2005-06, includes a diverse group of revenues such as estate taxes, insurance taxes, pari-mutuel taxes, interest income, court receipts, gaming taxes, Medicaid revenues and other income. Combined, these revenue sources are relatively volatile. As a whole, revenues in this category decreased 1.2% in Fiscal Year 2001-02, increased 12.6% in Fiscal Year 2002-03, decreased 12.1% in Fiscal Year 2003-04, decreased 3.6% in Fiscal Year 2004-05 and decreased 17.3% in Fiscal Year 2005-06. The large increase in Fiscal Year 2002-03 was due primarily to one-time interest revenues, and the large decrease in Fiscal Year 2005-06 was a result of HB 06-1201, which redirected approximately $24.0 million of Limited Gaming cash fund revenue that was previously transferred to the General Fund to the Colorado Travel and Tourism Promotion Fund ($18.0 million), the State Council on the Arts Cash Fund ($1.5 million), the Film Incentives cash fund ($0.5 million) and the New Jobs Incentives Cash Fund ($3.0 million). The OSPB forecasts that other revenues will increase 2.0% in Fiscal Year 2006-07 and decrease 1.0% in Fiscal Year 2007-08.

Historical and Projected Major Tax Receipts. The following table sets forth the State's receipts from major taxes for the past five Fiscal Years, as well as OSPB estimates for Fiscal Years 2006-07 and 2007-08. See also "FORWARD LOOKING STATEMENTS."

[Remainder of page intentionally left blank]

State of Colorado
Receipts from Major Taxes
(Dollar amounts expressed in millions)

	Fiscal Year						
	Actual					OSPB Estimate [1]	
	2001-02	**2002-03**	**2003-04**	**2004-05**	**2005-06**	**2006-07**	**2007-08**
Individual Income Tax	$3,345.1	$3,122.3	$3,450.0	$3,712.7	$4,376.1	$4,764.3	$5,043.8
Change from Prior Year	(16.7)%	(6.7)%	10.5%	7.6%	17.9%	8.9%	5.9%
Corporate Income Tax [2]	$178.0	$225.1	$235.2	$315.0	$447.4	$459.4	$443.7
Change from Prior Year	(46.0)%	26.5%	4.5%	33.9%	42.0%	2.7%	(3.4)%
Sales and Use Tax [3]	$1,896.3	$1,839.8	$1,908.3	$2,008.0	$2,123.2	$2,233.6	$2,326.5
Change from Prior Year	(3.7)%	(3.0)%	3.7%	5.2%	5.7%	5.2%	4.2%
Other Excise Taxes	$95.0	$94.4	$96.7	$96.9	$92.2	$92.0	$92.5
Change from Prior Year	(2.3)%	(0.6%)	2.3%	0.2%	(4.9)%	(0.2)%	0.5%
Other Revenues	$358.5	$403.7	$355.0	$342.2	$282.9	$288.7	$285.7
Change from Prior Year	(1.2)%	12.6%	(12.1)%	(3.6)%	(17.3)%	2.0%	(1.0)%

[1] OSPB June 2007 Revenue Forecast.

[2] In Fiscal Year 2002-03, net corporate income tax revenues include a large accrual adjustment due to net corporate income tax revenues being higher than originally forecast in June 2002, and a corresponding large percentage increase in net corporate income tax revenues that Fiscal Year. The Federal tax relief packages adopted in 2001, 2002 and 2003 significantly reduced State net corporate income tax revenues in Fiscal Year 2003-04. In Fiscal Year 2004-05, a number of these federal tax relief provisions were no longer in effect, so there is a large percentage increase in Fiscal Year 2004-05 State net corporate income tax revenues.

[3] Per HB 00-1259, 10.36% of sales and use taxes are diverted to the Highway Users Tax Fund when revenues are available to fund expenditures. The full amount of sales and use taxes are reported here although the amount transferred is deducted from available revenues in the General Fund Overview table above.

Source: Office of State Planning and Budgeting

Revenue Estimation

Revenue Estimating Process. The State relies on revenue estimation as the basis for establishing aggregate funds available for expenditure for its appropriation process. By statute, the OSPB is responsible for developing the General Fund revenue estimate. The General Assembly is required to certify to the Controller by February 1st of each year the revenue estimate for the next Fiscal Year, taking into consideration the estimates of the OSPB and the staff of the Legislative Council. No later than June 20th prior to the beginning of each Fiscal Year, and no later than September 20th, December 20th and March 20th within each Fiscal Year, the Governor, with the assistance of the Controller, the OSPB and the Governor's Revenue Estimating Advisory Committee, is required to make an estimate of General Fund revenues for the current and certain future years. The revenue estimates are not binding on the General Assembly in determining the amount of General Fund revenues available for appropriation for the ensuing Fiscal Year. The revenue estimates may be subject to more frequent review and adjustment in response to significant changes in economic conditions, policy decisions and actual revenue flow.

The OSPB begins estimating revenue by obtaining macroeconomic forecasts for national and State variables. The national forecast is provided by Action Economics, which describes itself as a delivering in-depth analysis of all relevant data releases featuring a wide range of fundamental and technical analysis of key market instruments. The OSPB forecasts the State economy using a model developed in-house by a Ph.D. economist.

The model of the State economy is updated quarterly. This model is comprised of 60 dynamic regression equations and numerous identities. Action Economics forecasts for national variables are inputs to many of the Colorado equations. The model of the State economy generates forecasts of key indicators such as employment, retail sales, inflation and personal income. These forecasts are then used as inputs to revenue forecasts for income tax receipts, corporate collections, sales tax receipts, etc.

The econometric model used to forecast General Fund revenue relies on the economic series estimated using the model of the State economy discussed above. The models used for forecasting General Fund revenues incorporate changes in policy, both State and federal, as well as changes in the economic climate and historical patterns. The General Fund models are comprised of regression equations for many of the revenue categories. There are three main categories of tax revenues: excise tax receipts, income tax receipts and other tax receipts. The General Fund models forecast the majority of the categories of General Fund receipts separately. For example, the model forecasts each type of income tax receipt (withholding, estimated payments, cash with returns and refunds) individually and then aggregates the numbers to arrive at a net individual income tax receipts forecast. However, for corporate income tax receipts, the model forecasts only net corporate income tax revenues. For sales tax revenues, the forecast model uses separate equations for the 19 retail sales industries. Then, the separate forecasts are aggregated to arrive at a sales tax revenue forecast. For many of the smaller tax revenue categories, simple trend analyses are utilized to derive a forecast.

A preliminary forecast is presented to the Governor's Revenue Estimating Advisory Committee prior to each quarterly forecast. Their input and suggestions are incorporated into the final forecast of General Fund revenues.

Revenue Shortfalls. The State's Fiscal Year budgets are prepared and surplus revenues determined using the accrual method of accounting in accordance with the standards promulgated by the Governmental Accounting Standards Board ("GASB"), with certain statutory exceptions. As a result, although the Fiscal Year budgets are balanced and, based upon current forecasts, there is anticipated to be an Unappropriated Reserve, the State may experience temporary and cumulative cash shortfalls. This is caused by differences in the timing of the actual receipt of cash revenues and payment of cash expenditures by the State compared to the inclusion of such revenues and expenditures in the State's Fiscal Year budgets on an accrual basis, which does not take into account the timing of when such amounts are received or paid.

Whenever the Governor's revenue estimate for the current Fiscal Year indicates that General Fund expenditures for such Fiscal Year, based on appropriations then in effect, will result in the use of one-half or more of the Unappropriated Reserve, the Governor is required to formulate a plan for the General Fund expenditures so that the Unappropriated Reserve as of the close of the Fiscal Year will be at least one-half of the required amount. The Governor is required by statute to notify the General Assembly of the plan and to promptly implement it by: (i) issuing an executive order to suspend or discontinue, in whole or in part, the functions or services of any department, board, bureau or agency of the State government; (ii) approving the action of other State officials to require that heads of departments set aside reserves out of the total amount appropriated or available (except the cash funds of the Department of Education); or (iii) after a finding of fiscal emergency by a joint resolution of the General Assembly approved by the Governor, taking such actions necessary to be utilized by each principal department and institution of higher education to reduce State personnel expenditures. See "Recent General Fund Financial Results – *Fiscal Year 2002-03*" above.

OSPB Revenue and Economic Forecasts

The OSPB prepares quarterly revenue estimates covering a five year period. Currently, the OSPB is forecasting for Fiscal Year 2006-07 through Fiscal Year 2010-11. The forecasts are based on historical patterns, with economic and legislative changes explicitly included in the models that forecast revenue growth, and include both State and national economic forecasts. The most recent OSPB Revenue Forecast was issued in June 2007. The OSPB economic forecast for the Fiscal Years 2006-07 and 2007-08 are summarized below. See also "FORWARD LOOKING STATEMENTS."

Gross General Fund revenues are forecast to increase 7.0% and 4.5% in Fiscal Year 2006-07 and Fiscal Year 2007-08, respectively. The projected revenue growth is due to the strengthening State economy, growing personal income and strong corporate receipts as a result of federal tax law changes. For example, net corporate income tax revenue growth in Fiscal Year 2004-05 and Fiscal Year 2005-06 is inflated because of the 50% bonus depreciation and increased small business expensing provisions of the Jobs Act of 2003. Further contributing to the increase in net corporate tax receipts is the repatriation of corporate foreign earnings under the Jobs Act of 2004.

During the 2007 legislative session, several bills were enacted that directly affected moneys available for the Fiscal Year 2007-08 Budget. Senate Bill 07-246 required the Treasurer to transfer gaming tax revenue that would have flowed to the General Fund (about $10 million) to the newly-created Clean Energy Fund. Also, SB 07-222 transferred just over $20 million of General Fund revenue to the Capital Construction Fund, primarily for construction projects at Colorado's higher education institutions. See also "FINANCIAL OPERATIONS – TABOR."

Economic Forecast. The June 2007 OSPB Revenue Forecast indicates that the State economy exhibited solid growth in 2006. The following economic indicators are forecast by OSPB on a calendar year basis versus a fiscal year basis under which the State operates.

Employment in the State rose 2.4% in 2006, a net increase of 52,800 new jobs. The OSPB forecasts that employment growth will moderate to 2.1% in 2007 and 1.9% in 2008. The State's unemployment rate declined to 4.3% in 2006 from 5.0% in 2005. The OSPB forecasts that the State's unemployment rate will increase to 3.7% in 2007, and moderate to a more natural 3.9% in 2008 as growth in the labor force exceeds increases in new jobs.

During 2006, consumer prices in the Denver-Boulder-Greeley area increased 3.6%, which followed a 2.1% increase in 2005. The largest contributing factors to the increasing inflation rate in the Denver-Boulder-Greeley area were motor fuel, and apparel, increasing 12.8% and 19.3%, respectively, in 2006. The third largest increase came with the rising costs of medical care, at 7.4%.

Personal income in the State grew 6.5% through 2006. However, after adjusting for inflation and population growth, real per capita income growth was only 1.0%. The OSPB forecasts that personal income will grow 7.4% in 2007 and 7.2% in 2008. Colorado wage and salary income rose 7.4% through 2006, reflecting a reasonably strong labor market, growth in the labor force and inflation. The OSPB forecasts wage and salary income to increase 6.8% in 2007 and 6.7% in 2008.

In 2006, net in-migration to Colorado was 49,700, which contributed to total population growth of 1.9%. The OSPB forecasts that net in-migration will slow slightly to 54,600 in 2007 and 61,000 in 2008, with total population growth of 2.0% in 2007 and 2.1% in 2008.

In 2006, residential single-family permits declined 22.7%, as the supply of homes exceeded demand. However, multi-family permits grew 38.1% in response to renewed strength in the apartment market and the continuing build-out of urban renewal sites in the Front Range. The OSPB forecasts that single-family permits will decline by 12% in 2007 and gradually recover to 5.9% growth in 2008, while multi-family permit growth will decline 14% in 2007 and 5.7% in 2008.

Although the Denver area commercial real estate market has recovered significantly since 2003, the total value of nonresidential construction permits Statewide fell 2.2% in 2006, reflecting conservatism in the construction of new commercial space. The OSPB forecasts the value of nonresidential permits to decline 1.4% in 2007 and begin to recover in 2008 with 3.6% growth.

In 2006, retail trade sales in Colorado rose 5.7%. The OSPB forecasts that retail sales will continue to grow by a similar, but slowing, rate in 2007 of 5.5% due to inflation and rising consumer debt. The OSPB expects retail sales growth to peak in 2008 and then moderate throughout the remainder of the forecast period.

See also "APPENDIX B – SELECTED STATE ECONOMIC AND DEMOGRAPHIC INFORMATION" for additional information relating to State's economy.

Risks to OSPB Forecasts. Colorado's economic condition is influenced significantly by the national economy. Historically, the State's economy has tended to lag the national economy, so any serious downturn in the national condition will work its way into the State eventually. The OSPB believes that Colorado is no longer as vulnerable to a correction in the information technology sector as it was in the early 2000s, because IT employment has continued to shrink, a significant slowdown or recession at the national level will be felt in the State. High energy prices, while a burden to consumers generally, have led to an economic boom in the Western Slope. Although the impact to the State's economy from energy prices is ambiguous, the State government receives more revenue from sales and use taxes than from severance taxes and mineral lease revenue. In that sense, high energy prices represent a downside risk to State revenue. Colorado is seen as being largely insulated from the deteriorating housing market conditions that exist on the coasts. Except for resort communities and certain Front Range communities with restrictions on new housing development, Colorado did not experience the double-digit growth seen over the last several years in places like Las Vegas, Phoenix and Washington, D.C. As such, there is less of a decline necessary to return house prices to their historic relation to income and rents. In fact, parts of the State, particularly the Western Slope, have seen some of the biggest gains in housing prices in the nation.

Investment Policies

Permitted Investments. The Treasurer is empowered by statute to invest the moneys in the General Fund in a variety of long-term and short-term securities. Articles 36 and 75 of title 24, C.R.S., currently provide that the Treasurer is authorized to invest such moneys, subject to statutory restrictions, in U.S. domestic fixed income securities, including the following: (i) debt obligations of the U.S. Treasury, any agency of the U.S. government or U.S. sponsored corporations; (ii) repurchase agreements, reverse repurchase agreements and security lending agreements; (iii) certificates of deposits; (iv) bankers' acceptances; (v) commercial paper; (vi) corporate or bank notes of corporations or banks organized and operating in the U.S.; (vii) asset backed securities; (viii) securities issued or guaranteed by the World Bank, the InterAmerican Development Bank, the Asian Development Bank or the African Development Bank; (ix) securities of the State; (x) local government investment pools; and (xi) Securities and Exchange Commission regulated money market funds that have assets in excess of $1 billion or have the highest credit rating from one or more nationally recognized rating organizations and are registered as investment companies under the federal Investment Company Act of 1940, as amended.

The Treasurer also is empowered by statute to deposit such moneys in national or state banks doing business in the State, and state or federally chartered savings and loan associations having principal offices in the State. In order to receive such deposits, a bank or savings and loan association must be designated an eligible public depository by the State Banking Board or the State Commissioner of Financial Services, respectively. To the extent that the deposits exceed applicable federal insurance limits, they are required to be collateralized with eligible collateral (as defined by statute) having a market value at all times equal to at least 100% of the amount of the deposit that exceeds federal insurance (102% for banks). The collateral is valued at least semiannually.

The Treasurer also is permitted by statute to invest proceeds of any securities, such as the Series 2007A Notes, in any guaranteed investment contract issued by an entity that is rated in one of the two highest rating categories by one or more nationally recognized rating organizations. In addition, the Treasurer may invest in corporate debt obligations rated at least investment grade by a nationally recognized rating organization. Treasury investment policy currently permits investing in obligations rated "A" or higher.

The Treasurer has adopted investment policies further restricting the investment of State pool moneys, which includes the General Fund. The purpose of these investment policies is to limit investment risk by limiting the amount of the portfolio that may be invested in particular types of obligations, or in obligations of particular issuers or in particular issues, by imposing rating or financial criteria for particular types of investments more restrictive than those required by law, and by limiting the maximum term of certain types of investments. A minimum of 10% of the portfolio is required to be held in U.S. Treasury securities. Any reverse repurchase agreements may be for interest rate arbitrage only, and not for liquidity or leverage purposes. Each reverse repurchase agreement and the total investment it is arbitraged against must be closely matched in both dollar amount and term.

In addition, a security lending agreement may be executed with a reputable and financially responsible primary dealer or a financially and operationally stable FDIC-insured major regional or money center bank through the request for proposal process. The dealer or bank must have had a securities lending program in place for a minimum of three years and have at least one public fund participant in the program. On December 31, 2005, the State renewed the securities lending agreement with Morgan Stanley acting as agent for the benefit of the Treasury Pool, the Public School Permanent Fund and the State Education Fund. Morgan Stanley is rated "Aa3" by Moody's and "A+" by Standard and Poor's. Morgan Stanley has worldwide securities lending capability and an advanced technology platform that provides front-end compliance and on-line reporting.

Moneys invested by the Treasurer are valued and "marked to market" on a monthly basis according to market prices provided by J.P. Morgan Chase, the Treasury's investment safekeeping bank.

Fiscal Year 2006-07 Investments of the State Pool. The following table sets forth the investment by category of the moneys in the State pool as of the end of each month in Fiscal Year 2006-07 for which information is available.

State of Colorado
State Pool Portfolio Mix
Fiscal Year 2006-07 to Date
(Amounts expressed in millions) [1]

	Jul-06	Aug-2006	Sept-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	Mar-07	Apr-07	May-07
Agency CMOs	$ 83.9	$ 93.0	$ 92.3	$ 91.5	$ 98.9	$ 98.2	$ 119.2	$ 117.8	$ 117.3	$ 122.2	$ 143.1.
Commercial Paper	1,243.8	1,236.3	1,376.4	1,337.7	1,361.0	1,230.4	1,377.5	1,248.3	1,332.0	1,436.6	1,424.5
U.S. Treasury Notes	664.6	629.7	629.7	545.8	546.1	566.0	566.2	565.2	565.1	564.9	564.9
Federal Agencies	1,707.0	1,360.7	1,389.6	1,359.1	1,231.2	1,244.1	1,455.0	1,290.3	1,267.1	1,455.1	1,821.7
Asset-Backed Securities	735.9	797.6	843.5	824.9	813.8	804.5	786.2	816.4	812.6	826.3	837.5
Money Market	300.0	250.0	178.0	130.0	140.0	203.0	253.0	238.0	253.0	330.0	356.0
Corporates	526.3	530.2	530.2	542.2	536.7	533.7	525.6	517.7	522.6	533.6	528.7
Certificates of Deposit	31.7	37.0	37.0	37.0	38.0	43.3	43.8	44.3	44.8	40.7	46.6
Totals	$5,293.2	$4,934.5	$5,076.7	$4,868.2	$4,765.7	$4,723.2	$5,126.5	$4,838.0	$4,914.5	$5,309.4	$5,723.0

[1] This table includes all moneys in the State pool, which includes the General Fund, Borrowable Resources and other moneys that are invested by the State Treasurer.

Source: State Treasurer's Office

GENERAL FUND CASH FLOW

General Fund cash flow deficits are attributable to several categories of loans and expenditures by the State throughout each Fiscal Year, including public school distributions, medical assistance and grants and contract purchased services. The Treasurer has certain administrative powers to remedy negative balances, including the ability to both issue tax and revenue anticipation notes in anticipation of the receipt of revenues in the General Fund and use Borrowable Resources. The Governor also has authority to impose spending restrictions, and the General Assembly may defer certain payments from one Fiscal Year to the next, if necessary, to ensure that the General Fund will not end any Fiscal Year with a negative fund balance. See "THE SERIES 2007A NOTES – Authorization," "FINANCIAL OPERATIONS – The Treasurer" and "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE."

The following tables present on a cash basis the actual and estimated cash flows of the General Fund for Fiscal Year 2006-07, and the estimated cash flows for the General Fund for Fiscal Year 2007-08, by total categories of receipts and disbursements. The tables are based on revenue and expenditure projections prepared on an accrual basis, with accounting adjustments made by the Treasurer to arrive at a cash basis presentation. The tables should be read in conjunction with the information set forth in "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE."

The cash flow estimates rely on the June 2007 economic and revenue forecast of the OSPB discussed in "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – OSPB Revenue and Economic Forecasts."

Monthly cash flow projections are based upon (i) the General Fund appropriations for Fiscal Year 2007-08 adopted by the General Assembly, (ii) historical experience as adjusted to reflect economic conditions, (iii) statutory and administrative changes and anticipated payment dates for payrolls and (iv) revenue estimates made by the OSPB. Unforeseen events or variations from underlying assumptions may cause an increase or decrease in receipts and/or disbursements from those projected for a given month, which may adversely affect the projections of cash flow estimated for Fiscal Year 2007-08. Additionally, the timing of transactions from month to month may vary from the forecasts. See also "FORWARD LOOKING STATEMENTS."

[Remainder of page intentionally left blank]

State of Colorado
Actual and Estimated General Fund Cash Flow
Fiscal Year 2006-07
Current Law
(Amounts expressed in millions; totals may not add due to rounding)

	Actual											Estimated [1]	
	Jul-06	**Aug-06**	**Sept-06**	**Oct-06**	**Nov-06**	**Dec-06**	**Jan-07**	**Feb-07**	**Mar-07**	**Apr-07**	**May-07**	**Jun-07**	**Total**
Beginning Cash and Investments Balance	$455.6												$ 455.6
Revenues:													
General Fund Revenue:													
Sales and Use Tax	176.2	$165.4	$ 171.1	$172.2	$156.5	$ 121.2	$ 219.2	$150.9	$ 152.0	$ 176.3	$ 160.4	$ 180.9	2,002.3
Individual Income Tax	255.7	291.7	397.4	310.2	282.2	318.5	545.6	152.0	216.3	700.4	429.8	476.4	4,376.2
Corporate Income Tax	12.1	6.2	87.8	8.7	1.9	73.9	(3.9)	(7.3)	49.7	80.1	30.5	119.7	459.4
Other	54.9	17.2	15.0	48.5	17.4	8.4	16.7	51.4	27.1	48.6	20.5	49.3	375.0
Total General Fund Revenue	498.9	480.5	671.3	539.6	458.0	522.0	777.6	347.0	445.1	1,005.4	641.2	826.2	7,212.8
Federal Revenue	212.5	364.0	289.6	316.3	346.2	392.2	277.0	325.2	333.0	323.1	350.2	838.6	4,367.9
Total Revenues	711.4	844.5	960.9	855.9	804.2	914.2	1,054.6	672.2	778.1	1,328.5	991.4	1,664.8	11,580.7
Expenditures:													
Payroll	104.2	109.4	101.7	100.4	99.9	100.9	102.6	102.6	103.9	103.2	103.7	86.1	1,218.6
Medical Assistance	246.2	234.1	228.5	243.9	233.2	255.6	208.9	240.6	230.0	260.2	222.3	402.0	3,005.5
Public School Distribution	698.0	29.2	738.3	82.1	49.2	696.1	55.4	49.9	711.1	23.9	49.7	76.0	3,258.9
Higher Education Distribution	4.6	36.3	4.7	4.7	5.3	29.6	0.4	0.4	0.4	0.3	4.5	130.0	221.2
Grants and Contracts	38.2	165.0	150.0	140.9	185.7	186.4	130.3	149.7	172.9	244.5	168.8	161.5	1,893.9
Other	(136.8)	113.9	159.7	160.3	133.8	147.9	80.5	182.7	109.5	55.5	274.7	327.6	1,609.3
Total Expenditures:	954.4	687.9	1,382.9	732.3	707.1	1,416.5	578.1	725.9	1,327.8	687.6	(823.7)	(1,183.2)	(11,207.4)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	212.6	156.6	(422.0)	123.6	97.1	(502.3)	476.5	(53.7)	(549.7)	640.9	167.7	481.6	828.9
Revenue Accrual Adjustment	8.0	58.2	(42.3)	(2.0)	36.4	(93.3)	38.5	7.9	38.4	23.4	13.8	(45.7)	41.2
Expenditure Accrual Adjustment	(240.0)	(18.8)	23.6	(44.3)	(11.5)	76.1	1.7	1.9	(7.1)	(0.5)	35.4	215.2	31.7
Extraordinary Items Impacting Cash:													
Transfer In Cash and Investments Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	(74.2)	--	--	(74.2)
Notes Issued and Outstanding	650.0	--	--	--	--	--	--	--	--	--	--	(678.0)	(28.0)
Capital Construction Transfer	(79.8)	--	--	--	--	--	--	--	--	--	--	--	(79.8)
General Fund Reserve Transfer to Highway Users Tax Fund	--	--	(262.6)	--	--	(28.5)	--	--	--	--	--	--	(291.1)
General Fund Reserve Transfer to Capital Construction	--	--	(131.3)	--	--	(14.3)	--	--	--	--	--	--	(145.6)
Actual/Projected Monthly Cash Change	550.8	196.0	(834.6)	77.3	122.0	(562.3)	516.7	(43.9)	(518.4)	589.6	216.9	(26.9)	283.1
General Fund Cash Balance End of Month	**$550.8**	**$746.8**	**$ (87.8)**	**$ (10.5)**	**$111.5**	**$ (450.8)**	**$ 65.9**	**$ 22.0**	**$ (496.4)**	**$ 93.2**	**$ 310.1**	**$ 283.1**	

[1] General Fund revenues are derived from the June 2007 OSPB Revenue Forecast.

Source: State Treasurer's Office

State of Colorado
Estimated General Fund Cash Flow
Fiscal Year 2007-08
Current Law
(Amounts expressed in millions; totals may not add due to rounding)

	Jul-07	Aug-07	Sept-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08	Total
Beginning Cash and Investments Balance	$ 283.1												$ 283.1
Revenues:													
General Fund Revenue: [1]													
Sales and Use Tax	171.9	$ 161.4	$ 167.0	$ 168.0	$ 152.7	$ 118.3	$ 213.9	$ 216.5	$ 163.5	$ 187.3	$ 167.5	$ 197.6	2,085.6
Individual Income Tax	293.4	334.7	456.0	356.0	323.8	365.5	586.1	182.2	252.4	624.0	451.4	410.5	4,636.1
Corporate Income Tax	13.3	6.8	96.2	9.5	2.1	81.0	(4.3)	(0.8)	38.3	67.4	26.4	107.8	443.7
Other	96.3	36.9	6.2	79.8	34.4	20.5	(6.6)	6.8	41.5	(8.5)	(6.8)	72.1	372.5
Total General Fund Revenue	574.9	539.8	725.4	613.3	513.0	585.2	789.1	404.7	495.8	870.2	638.6	788.0	7,537.9
Federal Revenue	213.7	427.4	299.6	322.4	381.5	398.1	321.0	366.6	374.2	386.8	457.6	635.2	4,584.2
Total Revenues	788.6	967.2	1,025.0	935.7	894.4	983.3	1,110.1	771.3	870.0	1,257.0	1,096.2	1,423.1	12,122.1
Expenditures:													
Payroll	109.4	114.9	106.8	105.4	104.9	105.9	107.7	104.4	107.5	104.3	104.6	103.7	1,279.7
Medical Assistance	258.5	245.8	239.9	256.1	244.9	268.4	219.3	255.7	225.4	261.7	384.4	295.2	3,155.3
Public School Distribution	739.9	31.0	782.6	87.0	52.2	737.9	58.7	66.7	662.7	33.5	29.2	172.5	3,453.8
Higher Education Distribution	1.8	14.5	1.9	1.9	2.1	11.8	0.2	0.0	0.0	0.0	0.0	52.0	86.2
Grants and Contracts	40.1	173.3	157.5	147.9	195.0	195.7	136.8	144.6	197.9	187.5	144.1	267.2	1,987.6
Other	(244.5)	194.5	240.6	160.4	138.0	68.2	122.8	215.9	116.4	155.8	279.4	426.8	1,874.3
Total Expenditures:	(905.3)	(773.9)	(1,529.3)	(758.8)	(737.0)	(1,387.9)	(645.5)	(787.4)	(1,309.9)	(742.9)	(941.7)	(1,317.4)	(11,837.1)
Total Revenues and Beginning Cash and Investments Minus Total Expenditures	166.4	193.3	(504.3)	176.9	157.5	(404.7)	464.6	(16.1)	(439.9)	514.2	154.4	105.7	568.1
Revenue Accrual Adjustment	48.4	55.5	(61.7)	64.0	14.2	(132.0)	79.4	(3.1)	(78.9)	55.8	36.9	(61.1)	17.5
Expenditure Accrual Adjustment	(288.9)	(1.5)	30.0	(96.2)	1.1	134.9	(80.5)	(7.0)	79.6	21.8	55.8	200.0	49.2
Extraordinary Items Impacting Cash:													
Transfer In Cash and Investments Per Statute	--	--	--	--	--	--	--	--	--	--	--	--	--
Homestead Exemption	--	--	--	--	--	--	--	--	--	(76.2)	--	--	(76.2)
The Series 2007A Notes	500.0	--	--	--	--	--	--	--	--	--	--	(525.0)	(25.0)
Capital Construction Transfer	(145.9)	--	--	--	--	--	--	--	--	--	--	--	(145.9)
General Fund Reserve Transfer to Highway Users Tax Fund	--	--	(78.2)	--	--	(8.7)	--	--	--	--	--	--	(86.9)
General Fund Reserve Transfer to Capital Construction	--	--	(39.2)	--	--	(4.4)	--	--	--	--	--	--	(43.5)
Actual/Projected Monthly Cash Change	280.1	247.4	(653.4)	144.7	172.8	(414.8)	463.4	(26.1)	(439.2)	515.6	247.2	(280.3)	257.4
General Fund Cash Balance End of Month	**$ 280.1**	**$ 527.5**	**$ (125.9)**	**$ 18.8**	**$ 191.6**	**$ (223.2)**	**$ 240.2**	**$ 214.1**	**$ (225.1)**	**$ 290.4**	**$ 537.7**	**$ 257.4**	

[1] General Fund revenues are derived from the June 2007 OSPB Revenue Forecast.

Source: State Treasurer’s Office

BORROWABLE RESOURCES

The Pledged Revenues include, to the extent permitted by law, any Borrowable Resources. Borrowable Resources consist of 16 major funds of the State other than the General Fund, as well as over 600 other funds and accounts. By constitutional or statutory provision and judicial decision, certain State funds, such as the Public School Permanent Fund, the State Education Fund and the Highway Users Tax Fund, are not Borrowable Resources. An opinion of the Attorney General dated April 17, 2003, clarified what the State may consider to be a Borrowable Resource by clarifying the definition of "custodial funds" versus "public funds." Borrowable Resources are considered to be moneys in the State pool, and as such are invested as described in "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE – Investment Policies."

The ability of the Treasurer to pay the Series 2007A Notes from Borrowable Resources will depend upon the availability of funds in the State Treasury that are eligible for investment. See "GENERAL FUND CASH FLOW" above. In addition, the availability of Borrowable Resources may be affected by the State's statutory obligation to assure the timely payment of certain school district bonds and lease obligations pursuant to Section 22-41-110, C.R.S., commonly referred to as the "State Intercept Act."

The following tables set forth actual and estimated Borrowable Resources for Fiscal Year 2006-07 and estimated Borrowable Resources for Fiscal Year 2007-08. See also "FORWARD LOOKING STATEMENTS."

[Remainder of page intentionally left blank]

State of Colorado
Actual and Estimated Borrowable Resources
Fiscal Year 2006-07
(Amounts expressed in millions; totals may not add due to rounding)

	Actual											Estimated
	Jul-06	**Aug-06**	**Sep-06**	**Oct-06**	**Nov-06**	**Dec-06**	**Jan-07**	**Feb-07**	**Mar-07**	**Apr-07**	**May-07**	**Jun-07**
State and Local Severance Tax Funds	$ 344.7	$ 328.4	$ 310.5	$ 308.3	$ 302.1	$ 310.6	$ 306.1	$ 310.5	$ 307.6	$ 348.2	$ 355.4	$ 348.3
Mineral Impact Fund	81.9	91.4	75.6	81.9	87.3	77.1	79.4	89.4	77.1	79.0	83.7	71.9
Tobacco Settlement Funds	22.2	22.2	21.8	20.4	19.1	18.7	17.3	16.1	14.9	95.5	93.8	56.8
Children's Basic Health Plan	16.7	19.2	16.4	13.4	10.3	7.6	4.4	1.3	(1.9)	3.7	11.3	8.3
Public Safety Communications	2.6	2.6	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.2	2.3
Colorado Student Obligation Bond Authority – Administration	11.4	12.0	11.7	11.5	12.4	12.1	11.4	11.6	8.4	8.0	9.0	8.8
Subsequent Injury and Major Medical Funds	14.5	5.3	2.0	--	--	--	--	--	--	--	--	--
Water Conservation Construction Fund	83.8	79.1	97.8	92.5	91.3	98.9	100.3	99.4	103.7	103.9	105.0	113.4
Capital Construction Fund	243.0	235.1	353.4	350.3	348.9	359.4	357.4	360.1	354.8	354.9	355.5	386.2
Lottery Fund	40.4	51.0	32.8	39.4	51.3	28.6	34.9	47.2	34.3	44.9	57.8	33.0
Limited Gaming Fund	50.9	1.7	4.2	8.2	12.4	16.8	20.8	18.6	30.4	36.6	42.2	48.0
Hazardous Substance Fund	35.2	35.3	35.3	35.8	36.4	36.4	36.8	36.9	36.9	37.3	37.5	38.0
Workers' Compensation Fund	30.4	34.5	39.9	37.2	35.2	32.7	29.8	30.0	22.9	21.7	18.8	16.2
State Public School Fund	435.9	182.6	635.1	380.3	123.8	554.0	297.9	41.3	476.3	222.3	275.8	31.2
Higher Education Funds	490.8	568.9	646.2	650.9	626.5	591.4	688.6	693.6	663.2	633.9	572.8	654.2
Tobacco Tax Funds	168.8	167.0	174.2	185.9	197.0	198.7	202.3	224.7	213.7	214.4	212.7	273.4
Other Borrowable Resources	1,044.4	1,182.0	1,204.3	1,118.0	1,150.5	1,151.5	1,189.2	1,208.1	1,103.3	955.3	1,365.2	739.9
Total Borrowable Resources	**3,117.6**	**3,018.3**	**3,663.4**	**3,336.2**	**3,106.7**	**3,496.7**	**3,378.8**	**3,190.9**	**3,447.8**	**3,161.8**	**3,598.7**	**2,830.1**
Total General Fund	550.8	746.8	(87.8)	(10.5)	111.5	(450.8)	65.9	22.0	(496.4)	93.2	310.1	283.1
Less: Notes Issued and Outstanding	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	(650.0)	--
Net Borrowable Resources	**$3,018.4**	**$3,115.1**	**$2,925.6**	**$2,685.3**	**$2,568.2**	**$2,395.9**	**$2,794.7**	**$2,562.9**	**$2,301.4**	**$2,605.0**	**$3,258.8**	**$3,113.2**

Source: State Treasurer's Office

State of Colorado
Estimated Borrowable Resources
Fiscal Year 2007-08

(Amounts expressed in millions; totals may not add due to rounding)

	Jul-07	Aug-07	Sep-07	Oct-07	Nov-07	Dec-07	Jan-08	Feb-08	Mar-08	Apr-08	May-08	Jun-08
State and Local Severance Tax Funds	$ 308.9	$ 294.3	$ 278.3	$ 276.3	$ 270.8	$ 278.4	$ 274.3	$ 278.3	$ 275.7	$ 272.1	$ 277.7	$ 246.9
Mineral Impact Fund	90.0	100.4	83.1	90.0	95.9	84.7	87.2	98.2	84.7	86.8	92.0	90.4
Tobacco Settlement Funds	30.7	30.7	30.2	28.2	26.4	25.9	23.9	22.3	20.6	137.2	134.7	62.1
Children's Basic Health Plan	10.9	12.6	10.7	8.8	6.7	5.0	2.9	0.9	1.8	(3.4)	(10.4)	(0.4)
Public Safety Communications	2.3	2.3	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	1.9	2.0
Colorado Student Obligation Bond Authority – Administration	7.8	8.2	8.0	7.9	8.5	8.3	7.8	7.9	5.7	5.5	6.1	8.1
Subsequent Injury and Major Medical Funds	1.8	0.7	0.3	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Water Conservation Construction Fund	96.7	91.3	112.9	106.8	105.4	114.2	115.8	114.7	119.7	119.9	121.2	124.0
Capital Construction Fund	375.4	363.1	545.9	541.1	538.9	555.2	552.1	556.2	528.0	528.2	489.1	543.2
Lottery Fund	36.8	46.4	29.9	35.9	46.7	26.0	31.8	43.0	31.2	40.9	42.6	14.0
Limited Gaming Fund	27.5	0.9	2.3	4.4	6.7	9.0	11.2	10.0	16.4	19.8	22.8	9.4
Hazardous Substance Fund	26.4	6.4	6.4	6.5	6.6	6.6	6.7	6.7	6.7	6.8	6.8	6.8
Workers' Compensation Fund	29.7	33.7	39.0	36.4	34.4	32.0	29.1	29.3	22.4	21.2	18.4	18.2
State Public School Fund	425.0	178.0	619.2	370.8	120.7	540.1	290.5	40.3	464.4	216.7	268.9	9.8
Higher Education Funds	632.5	733.1	732.7	738.1	710.4	670.6	780.8	786.5	752.0	718.8	649.5	737.7
Tobacco Tax Funds	190.0	188.0	196.1	209.3	221.8	223.7	227.8	253.0	240.6	241.4	239.5	235.3
Other Borrowable Resources	986.3	1,062.8	901.1	790.6	776.0	645.0	906.3	920.6	840.8	728.0	1,040.4	561.9
Total Borrowable Resources	**3,278.7**	**3,153.1**	**3,597.9**	**3,253.9**	**2,978.9**	**3,227.6**	**3,351.1**	**3,170.9**	**3,413.7**	**3,142.7**	**3,402.2**	**2,670.4**
Total General Fund	280.1	527.5	(125.9)	18.8	191.6	(223.2)	240.2	214.1	(225.1)	290.4	537.7	257.4
Less: Notes Issued and Outstanding	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	(500.0)	--
Net Borrowable Resources	**$3,058.8**	**$3,180.5**	**$2,972.0**	**$2,772.7**	**$2,670.4**	**$2,504.4**	**$3,091.3**	**$2,885.0**	**$2,688.6**	**$2,933.2**	**$3,439.9**	**$2,927.8**

Source: State Treasurer's Office

DEBT AND CERTAIN OTHER FINANCIAL OBLIGATIONS

The State

The State constitution prohibits the State from incurring debt except for limited purposes, for limited periods of time and in inconsequential amounts. The State courts have defined debt to mean any obligation of the State requiring payment out of future years' general revenues. Accordingly, the State currently has, and upon issuance of the Series 2007A Notes will have, no outstanding general obligation debt.

The State has entered into lease-purchase agreements, including some providing security for outstanding certificates of participation, in order to finance various public projects. The obligations of the State to make lease payments beyond any current Fiscal Year are contingent upon appropriations by the General Assembly. At June 30, 2006, the minimum lease payments due in Fiscal Year 2006-07 under lease-purchase agreements were approximately $23 million.

State Departments and Agencies

Certain State departments and agencies, including State universities, also have the authority to issue revenue bonds payable from specified sources other than the general revenues of the State, and to enter into lease-purchase agreements the payment of which are subject to annual appropriation by the General Assembly, in order to finance various public projects. Such obligations do not constitute a debt or liability of the State. For the outstanding aggregate principal amount of such obligations as of June 30, 2006, see Note 25 to the audited financial statements of the State appended to this Official Statement. Since June 30, 2006, State departments and agencies have entered into lease-purchase agreements with an aggregate principal component of approximately $2.030 billion.

For the purpose of financing certain qualified federal aid transportation projects in the State, CDOT issues Transportation Revenue Anticipation Notes, currently outstanding in the aggregate principal amount of $1.407 billion. These notes are payable solely from certain federal and State funds that are allocated on an annual basis by the State Transportation Commission, in its sole discretion, and certain other moneys. The allocated funds are expected to be comprised of highway moneys paid directly to CDOT by the U.S. Department of Transportation, and appropriations of revenues from the Highway Users Tax Fund allocated by statute to CDOT.

In addition to the obligations described above, State agencies issue revenue bonds for business type activities. The majority of these obligations have been issued by institutions of higher education. With the exception of the University of Colorado, whose regents are elected, the institutions of higher education are governed by boards whose members are appointed by the Governor with the consent of the State Senate. For the outstanding aggregate principal amount of such bonds as of June 30, 2006, see Notes 25 and 38 to the audited financial statements of the State appended to this Official Statement. These bonds are payable solely from certain federal and State funds that are allocated on an annual basis by the State Transportation Commission, in its sole discretion, and certain other moneys. The allocated funds are expected to be comprised of highway moneys paid directly to CDOT by the U.S. Department of Transportation, and appropriations of revenues from the Highway Users Tax Fund allocated by statute to CDOT.

State Authorities

A number of State authorities have issued financial obligations to support activities related to the special purposes of such entities. Such obligations do not constitute a debt or liability of the State. Generally, State authorities are independent bodies, governed by their own boards, some including ex-officio State officials and/or members appointed by the Governor or ranking members of the General Assembly (in most cases with the consent of the State Senate).

Prior to July 1, 2001, the Colorado Housing and Finance Authority ("CHFA") was permitted by statute to establish capital reserve funds for the purpose of paying debt service, and is required to request additional funding from the Governor and General Assembly if such reserve funds are depleted, although the General Assembly is not required to make an appropriation for such reserve funds. No request for additional funding to establish or replenish such reserve funds has ever been made by CHFA.

LITIGATION

No Litigation Affecting the Series 2007A Notes

There is no litigation pending, or to the knowledge of the State threatened, either seeking to restrain or enjoin the issuance or delivery of the Series 2007A Notes or questioning or affecting the validity of the Series 2007A Notes or the proceedings or authority under which they are to be issued. There is also no litigation pending, or to the State's knowledge threatened, that in any manner questions the right of the Treasurer to adopt the Authorizing Resolution and to secure the Series 2007A Notes in the manner provided in the Authorizing Resolution and the Funds Management Act.

Governmental Immunity

The Colorado Governmental Immunity Act, Article 10 of Title 24, C.R.S. (the "Immunity Act"), provides that public entities and their employees acting within the course and scope of their employment are immune from liability for tort claims under State law based on the principle of sovereign immunity, except for those specifically identified events or occurrences defined in the Immunity Act. Whenever recovery is permitted, the Immunity Act also generally limits the maximum amount that may be recovered to $150,000 for injury to one person in any single occurrence and an aggregate of $600,000 for injury to two or more persons in any single occurrence, except that no one person may recover in excess of $150,000. The Immunity Act does not limit recovery against any employee who is acting outside the course and scope of his/her employment. The Immunity Act specifies the sources from which judgments against public entities may be collected and provides that pubic entities are not liable for punitive or exemplary damages. The Immunity Act does not prohibit claims in State court against public entities or their employees based on contract and may not prohibit such claims based on other common law theories. However, the Immunity Act does bar certain federal actions or claims against the State or State employees sued in their official capacities under federal statutes when such actions are brought in State court. The Eleventh Amendment to the U.S. Constitution bars certain federal actions or claims against the State or State employees sued in their official capacities under federal statutes when such actions are brought in federal court.

Self Insurance

In 1985, the General Assembly passed legislation creating a self-insurance fund, the Risk Management Fund, and established a mechanism for claims adjustment, investigation and defense, as well as authorizing the settlement and payment of claims and judgments against the State. The General Assembly also utilizes the self-insurance fund for payment of State workers' compensation liabilities. The State currently maintains self-insurance for claims arising on or after September 15, 1985, under the Immunity Act and claims against the State, its officials or its employees arising under federal law. See Notes 6-H-I, 22, 28 and 37 to the financial statements appended to this Official Statement for a description of the Risk Management Fund. Judgments awarded against the State for which there is no insurance coverage or that are not payable from the Risk Management Fund ordinarily require a legislative appropriation before they may be paid.

Current Litigation

For a description of the pending material litigation in which the State is a defendant, see Note 37 to the financial statements appended to this Official Statement. The State Attorney General does not believe that any of such actions, or any combination thereof, will result in a materially adverse effect with regard to the financial resources of the State, or the continuous operation thereof, or the security for the Series 2007A Notes. The State Attorney General also does not believe that since June 30, 2006, there have been any material actions initiated in which the State is a defendant that will result in a materially adverse effect with regard to the financial resources of the State, or the continuous operation thereof, or the security for the Series 2007A Notes.

FORWARD LOOKING STATEMENTS

This Official Statement, including but not limited to the material set forth in "HISTORICAL AND PROJECTED GENERAL FUND PERFORMANCE," "GENERAL FUND CASH FLOW" and "BORROWABLE RESOURCES," contains statements relating to future results that are "forward looking statements." When used in this Official Statement, the words "estimate," "anticipate," "forecast," "project," "intend," "propose," "plan," "expect" and similar expressions identify forward looking statements. Any forward looking statement is subject to risks and uncertainties that could cause actual results to differ materially from those contemplated in such forward looking statements. Inevitably, some assumptions used to develop the forward looking statements will not be realized and unanticipated events and circumstances will occur. Therefore, it can be expected that there will be differences between forward looking statements and actual results, and those differences may be material.

RATINGS

Fitch Ratings, Inc., Moody's Investors Service, Inc. and Standard & Poor's, a division of The McGraw-Hill Companies, Inc., are expected to assign to the Series 2007A Notes the ratings set forth on the cover page of this Official Statement. An explanation of the significance of such ratings may be obtained from the applicable rating agency.

Generally, a rating agency bases its ratings on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that a current rating will remain in effect for any given period of time or that it will not be revised downward or withdrawn entirely if, in the judgment of the rating agency circumstances so warrant. Any downward revision or withdrawal of a rating may have an adverse effect on the market price of the Series 2007A Notes. The State has not undertaken any responsibility either to bring to the attention of the Owners and Beneficial Owners of the Series 2007A Notes any proposed change in or withdrawal of a rating, or to oppose any such proposed revision or withdrawal.

CONTINUING DISCLOSURE

In accordance with Securities and Exchange Commission Rule 15c2-12, the Treasurer undertakes in the Authorizing Resolution to provide, so long as the Series 2007A Notes are outstanding, to each National Repository and to a State information depository, if any, either directly or through a central filing system approved by the Securities and Exchange Commission for transmission of continuing disclosure filings under Rule 15c2-12 to such repositories: (i) monthly disclosure of certain financial information concerning the Note Payment Account, Current General Fund Revenues, Borrowable Resources and the investment of moneys in the State pool; (ii) notice of any actual or projected deficiency in the Note Payment Account; and (iii) notice of the occurrence of certain other events if and to the extent applicable to the Series 2007A Notes and determined by the Treasurer to be material, including principal and interest payment delinquencies, nonpayment related defaults, unscheduled draws on debt service reserves reflecting financial difficulties, unscheduled draws on credit enhancements reflecting financial difficulties, substitution of credit or liquidity providers or their failure to perform, adverse tax opinions or events affecting the tax-exempt status of the Series 2007A Notes, modifications to rights of owners of the Series 2007A Notes, Series 2007A Note calls, defeasances, release, substitution or sale of property securing repayment of the Series 2007A Notes and rating changes. Some of the foregoing information and notices are also to be provided to DTC and to any Beneficial Owner of a Series 2007A Note requesting the same in writing. See "THE SERIES 2007A NOTES – Security and Sources of Payment – *Note Payment Account – Monthly Projections.*"

The obligations of the Treasurer pursuant to the undertaking are for the benefit of the registered owners and Beneficial Owners of the Series 2007A Notes, and, if necessary, may be enforced by such registered owners and Beneficial Owners by specific performance of such obligations by any judicial proceeding available. However, breach of the Treasurer's obligations of the undertaking does not constitute an Event of Default under the Authorizing Resolution, and none of the rights and remedies provided in the Authorizing Resolution for Events of Default will be available to the registered owners or Beneficial Owners of the Series 2007A Notes in such event.

The Treasurer has never failed to comply with any continuing disclosure undertaking entered into pursuant to Rule 15c2-12.

LEGAL MATTERS

In connection with the issuance of the Series 2007A Notes, Sherman & Howard L.L.C., Denver, Colorado, as Bond Counsel, will deliver an opinion substantially in the form included in this Official Statement as "APPENDIX D – FORM OF OPINION OF BOND COUNSEL." See also "TAX MATTERS" below. Certain legal matters will be passed upon for the State by the Office of the Attorney General of the State and by Peck, Shaffer & Williams LLP, Denver, Colorado, as special counsel to the State in connection with the preparation of this Official Statement. Payment of legal fees to Bond Counsel and special counsel are contingent upon the sale and delivery of the Series 2007A Notes.

TAX MATTERS

In the opinion of Bond Counsel, assuming continuous compliance with certain covenants described below, interest on the Series 2007A Notes is excluded from gross income under federal income tax laws pursuant to Section 103 of the Tax Code as amended to the date of delivery of the Series 2007A Notes, interest on the Series 2007A Notes is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations as described below, and interest on the Series 2007A Notes is excluded from Colorado taxable income and Colorado alternative minimum taxable income under Colorado income tax laws in effect on the date of delivery of the Series 2007A Notes.

The Tax Code and Colorado law impose several requirements which must be met with respect to the Series 2007A Notes in order for the interest thereon to be excluded from gross income, alternative minimum taxable income (except to the extent of the aforementioned adjustments applicable to corporations), Colorado taxable income and Colorado alternative minimum taxable income. Certain of these requirements must be met on a continuous basis throughout the term of the Series 2007A Notes. These requirements include: (a) limitations as to the use of proceeds of the Series 2007A Notes; (b) limitations on the extent to which proceeds of the Series 2007A Notes may be invested in higher yielding investments; and (c) a provision, subject to certain limited exceptions, that requires all investment earnings on the proceeds of the Series 2007A Notes above the yield on the Series 2007A Notes to be paid to the United States Treasury. The Treasurer has covenanted and represented in the Authorizing Resolution to comply with the requirements of the Tax Code and Colorado law (in effect on the date of delivery of the Series 2007A Notes) to the extent necessary to maintain the exclusion of interest on the Series 2007A Notes from gross income and alternative minimum taxable income (except to the extent of the aforementioned adjustments applicable to corporations) under such federal income tax laws and Colorado taxable income and Colorado alternative minimum taxable income under such Colorado income tax laws. Bond Counsel's opinion as to the exclusion of interest on the Series 2007A Notes from gross income, alternative minimum taxable income (to the extent described above), Colorado taxable income and Colorado alternative minimum taxable income is rendered in reliance on these covenants, and assumes continuous compliance therewith. The failure or inability of the Treasurer to comply with these requirements could cause the interest on the Series 2007A Notes to be included in gross income, alternative minimum taxable income, Colorado taxable income or Colorado alternative minimum taxable income, or a combination thereof, from the date of issuance. Bond Counsel's opinion also is rendered in reliance upon certifications of the Treasurer and other certifications furnished to Bond Counsel. Bond Counsel has not undertaken to verify such certifications by independent investigation.

Section 55 of the Tax Code contains a 20% alternative minimum tax on the alternative minimum taxable income of corporations. Under the Tax Code, 75% of the excess of a corporation's "adjusted current earnings" over the corporation's alternative minimum taxable income (determined without regard to this adjustment and the alternative minimum tax net operating loss deduction) is included in the corporation's alternative minimum taxable income for purposes of the alternative minimum tax applicable to the corporation. "Adjusted current earnings" includes interest on the Series 2007A Notes.

The Tax Code contains numerous provisions which may affect an investor's decision to purchase the Series 2007A Notes. Owners of the Series 2007A Notes should be aware that the ownership of tax-exempt obligations by particular persons and entities, including, without limitation, financial institutions, insurance companies, recipients of Social Security or Railroad Retirement benefits, taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, foreign corporations doing business in the United States and certain "subchapter S" corporations may result in adverse federal and Colorado tax consequences. Certain of the Series 2007A Notes may be sold at a premium, representing a difference between the original offering price of those Series 2007A Notes and the principal amount thereof payable at maturity. Under certain circumstances, an initial owner of such Series 2007A Notes (if any) may realize a taxable gain upon their disposition, even though such Series 2007A Notes are sold or redeemed for an amount equal to the owner's acquisition cost. Bond Counsel's opinion relates only to the exclusion of interest on the Series 2007A Notes from gross income, alternative minimum taxable income, Colorado taxable income and Colorado alternative minimum taxable income as described above and will state that no opinion is expressed regarding other federal or Colorado tax consequences arising from the receipt or accrual of interest on or ownership of the Series 2007A Notes. Owners of the Series 2007A Notes should consult their own tax advisors as to the applicability of these consequences.

The opinions expressed by Bond Counsel are based upon existing law as of the delivery date of the Series 2007A Notes. No opinion is expressed as of any subsequent date nor is any opinion expressed with respect to any pending or proposed legislation. Amendments to federal and Colorado tax laws may be pending now or could be proposed in the future which, if enacted into law, could adversely affect the value of the Series 2007A Notes, the exclusion of interest on the Series 2007A Notes from gross income, alternative minimum taxable income, Colorado taxable income, Colorado alternative minimum taxable income or any combination thereof from the date of issuance of the Series 2007A Notes or any other date, or which could result in other adverse federal or Colorado tax consequences. Owners of the Series 2007A Notes are advised to consult with their own tax advisors with respect to such matters.

The Internal Revenue Service (the "Service") has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includable in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Service will commence an audit of the Series 2007A Notes. If an audit is commenced, the market value of the Series 2007A Notes may be adversely affected. Under current audit procedures, the Service will treat the State as the taxpayer and the Owners may have no right to participate in such procedures. The Treasurer has covenanted in the Authorizing Resolution not to take any action that would cause the interest on the Series 2007A Notes to lose its exclusion from gross income for federal income tax purposes or lose its exclusion from alternative minimum taxable income except to the extent described above for the owners thereof for federal income tax purposes. None of the State, the Financial Advisor or Bond Counsel is responsible for paying or reimbursing any Owner or beneficial owner for any audit or litigation costs relating to the Series 2007A Notes.

UNDERWRITING

The Series 2007A Notes will be purchased from the State by Morgan Stanley pursuant to a competitive sale for an aggregate purchase price of $502,660,000, being the principal amount of the Series 2007A Notes plus an aggregate original issue premium of $2,735,000 and less an aggregate underwriting discount of $75,000.

FINANCIAL ADVISOR

Stifel, Nicolaus & Company, Inc., Denver, Colorado, is acting as Financial Advisor to the State in connection with the issuance of the Series 2007A Notes, and in such capacity has assisted in the preparation of this Official Statement and other matters relating to the planning, structuring, rating and execution and delivery of the Series 2007A Notes. However, the Financial Advisor has not undertaken either to make an independent verification of or to assume responsibility for the accuracy or completeness of the information contained in this Official Statement. Pursuant to its contract with the State, the Financial Advisor was not permitted to submit a bid to purchase the Series 2007A Notes.

MISCELLANEOUS

The cover page, prefatory information and appendices to this Official Statement are integral parts hereof and must be read together with all other parts of this Official Statement. The descriptions of the documents, statutes, reports or other instruments included herein do not purport to be comprehensive or definitive and are qualified in the entirety by reference to each such document, statute, report or other instrument. During the offering period of the Series 2007A Notes, copies of the Authorizing Resolution and certain other documents referred to herein may be obtained from the Financial Advisor at Stifel, Nicolaus & Company, Inc., 1125 Seventeenth Street, Suite 1600, Denver, Colorado 80202, Attention: Vicki Mattox or Kelly Gottschalk, telephone number (303) 296-2300. So far as any statements made in this Official Statement involve matters of opinion, forecasts, projections or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact.

OFFICIAL STATEMENT CERTIFICATION

The preparation and distribution of this Official Statement have been authorized by the Treasurer. This Official Statement is hereby approved by the Treasurer as of the date on the cover page hereof.

By: /s/ Cary Kennedy
Treasurer of the State of Colorado

APPENDIX A

THE STATE COMPREHENSIVE ANNUAL FINANCIAL REPORT AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2006

(Pagination reflects the original printed document)

APPENDIX B

SELECTED STATE ECONOMIC AND DEMOGRAPHIC INFORMATION

The following information is provided to give prospective investors general information concerning selected economic and demographic conditions existing in the State. The statistics have been obtained from the referenced sources and represent the most current information available; however, certain information is released only after a significant amount of time has passed since the most recent date of the reported data, and therefore such information may not be indicative of existing or future economic and demographic conditions. Further, the reported data has not been adjusted to reflect economic trends, notably inflation. Finally, other economic and demographic information concerning the State not presented herein may be available, and prospective investors may want to review such information prior to making their investment decision. *The following information is not to be relied upon as a representation or guarantee of the State, the Treasurer, the Financial Advisor or any other officer or employee of or advisor to the State.*

Overview

Colorado is the most populous state in the Rocky Mountain region. The State has two distinctive geographic and economic areas. The eastern half of the State consists of the eastern plains, which are flat, open and largely devoted to farming, and the Front Range, that contains the major metropolitan areas. The western half of the State includes the Rocky Mountains and the Western Slope. A significant portion of the land in the western half of the State is heavily forested and mountainous, owned by the federal government and devoted to national parks or forests.

The State's population and wealth are concentrated in the Front Range, principally in four major metropolitan areas: Denver/Boulder, Colorado Springs, Fort Collins/Greeley and Pueblo. Denver, the State capital, is the major economic center in the State and the Rocky Mountain region, having developed as a regional center for transportation, communication, finance and banking. More recently, the Front Range has attracted advanced-technology industries and is experiencing a resurgence in natural gas, oil and coal extraction.

The State's economy is sensitive to the national economy, leading to economic performance that depends a great deal on economic performance at the national level.

Population and Age Distribution

The following table sets forth population figures for the State and the United States since 1960.

Population Estimates

	Colorado		United States	
Year[1]	Population (Millions)	% Change	Population (Millions)	% Change
1960	1.75	--	179.32	--
1970	2.21	25.8%	203.21	13.3%
1980	2.89	30.9	226.55	11.5
1990	3.29	14.0	248.71	9.8
2000	4.30	30.6	281.42	13.2
2001	4.43	2.9	285.11	1.3
2002	4.50	1.6	287.98	1.0
2003	4.55	1.1	290.85	1.0
2004	4.60	1.2	293.66	1.0
2005	4.67	1.4	296.41	0.9
2006	4.75	1.9	300.08	1.0

[1] 1960-2000 figures are census counts as of April 1 of the given year. 2001-2006 figures are July 1 estimates.

Source: U.S. Department of Commerce, Bureau of the Census

The following table sets forth a comparative age distribution profile for the State and the United States as of July 1, 2006, the latest date for which such statistics are available.

Age Distribution

Age	Colorado Population (Thousands)	Share of Colorado Population	U.S. Population (Thousands)	Share of U.S. Population
0 to 17	1,169.3	24.6%	73,735.6	24.6%
18 to 24	459.5	9.7	29,454.8	9.8
25 to 39	1,075.8	22.6	61,601.8	20.6
40 to 54	1,081.5	22.8	65,759.4	22.0
55 to 64	490.1	10.3	31,586.7	10.6
65 and over	477.2	10.0	37,260.4	12.4
Total	4,753.4	100.0	299,398.7	100.0

Source: United States Department of Commerce, Bureau of the Census.

Income

The following table sets forth annual per capita personal income levels of the State, the Rocky Mountain region and the United States.

Per Capita Personal Income in Current Dollars

	Colorado		Rocky Mountain Region[1]		United States	
Year	Income	% Change	Income	% Change	Income	% Change
2002	$34,027	(1.4)%	$29,553	(0.3)%	$30,810	0.8%
2003	34,056	0.1	29,793	0.8	31,463	2.1
2004	35,766	5.0	31,416	5.4	33,090	5.2
2005	37,459	4.7	32,898	4.7	34,495	4.2
2006	39,186	4.6	34,640	5.3	36,276	5.2

[1] Includes Colorado, Utah, Idaho, Montana and Wyoming.

Source: U.S. Department of Commerce, Bureau of Economic Analysis

Employment

The following table sets forth recent total nonfarm labor force and unemployment statistics for the State.

Colorado Nonfarm Labor Force and Unemployment Rates
(Not Seasonally Adjusted)

Year	Labor Force (Thousands)[1]	% Change	% Unemployed
2002	2,184.2	(1.9)%	5.7%
2003	2,152.8	(1.4)	6.1
2004	2,179.6	1.2	5.6
2005	2,226.0	2.1	5.1
2006	2,278.8	2.4	4.3

[1] Reflects revised population controls and model re-estimation for 2002-2006.

Source: U.S. Department of Commerce, Bureau of Labor Statistics

The following table sets forth the number of individuals employed within selected industries in the State for the period 2001 through 2005 based on the North American Industrial Classification System ("NAICS") codes.

The following table sets forth the number of individuals employed within selected industries in the State for the period 2002 through 2006 based on the North American Industrial Classification System ("NAICS") codes.

Average Number of Employees Within Selected Industries in the State of Colorado Subject to State Unemployment Laws – NAICS Classifications

Industry	2002	2003	2004	2005	2006
Agriculture, Forestry, Fishing, Hunting	14,452	14,092	14,547	14,963	17,373
Mining	12,878	13,109	14,374	17,007	21,443
Utilities	8,148	7,871	7,927	7,949	8,181
Construction	160,353	149,923	151,430	160,102	173,756
Manufacturing	166,495	156,048	154,548	150,586	146,889
Wholesale Trade	95,106	92,352	92,229	93,781	97,222
Retail Trade	242,731	239,820	241,410	246,048	247,441
Transportation and Warehousing	61,834	60,611	61,025	61,103	62,166
Information	93,400	84,857	81,243	77,438	75,384
Finance and Insurance	102,324	103,665	104,415	106,823	109,073
Real Estate, Rental and Leasing	45,545	45,802	46,005	46,854	48,034
Professional and Technical Services	142,205	139,336	144,793	155,997	163,128
Management of Companies and Enterprises	18,888	20,206	22,437	24,900	27,368
Administrative and Waste Services	130,296	127,619	131,697	135,276	148,317
Educational Services	22,045	22,452	23,485	24,823	25,138
Health Care and Social Assistance	183,983	188,101	192,430	197,134	202,857
Arts, Entertainment and Recreation	41,689	39,978	42,144	43,212	45,396
Accommodation and Food Services	205,324	205,036	209,187	214,191	228,753
Other Services	66,676	65,693	65,315	65,132	66,394
Nonclassifiable	99	150	196	263	291
Government	339,550	341,050	341,707	345,972	345,292
Total	2,154,018	2,117,770	2,142,544	2,189,554	2,259,896

Source: Colorado Department of Labor and Employment

Set forth in the following table are the top private sector employers in Colorado in 2005. No independent investigation has been made of and no representation is made herein as to the financial condition of the employers listed below or the likelihood that such employers will maintain their status as major employers in the State. It is possible that there are other large employers in the State that are not included in the table.

A more recent survey of top private sector employers in Colorado is not yet available.

[Remainder of page intentionally left blank]

Top Private Sector Employers in Colorado – 2005

Employer	Type of Business	Estimated Employees[1]
Wal-Mart	Discount Stores	23,730
Kroger (King Soopers/City Market)	Supermarkets	17,134
Centura Health	Health Care	12,000
ProLease	Employment Leasing	12,000
Qwest Communications International	Telecommunications	10,400
Safeway, Inc.	Supermarkets	11,621
HCA-HealthOne LLC	Health Care	8,800
McDonald's Corporation	Fast Food Restaurants	8,680
ADP TotalSource	Employee Leasing	7,000
Exempla Healthcare	Hospital	6,850
Target Stores	Discount Retailer	6,296
IBM Corporation	Computers	6,100
University of Denver	Private university	5,650
Wells Fargo	Banking/Financial Services	5,500
Alpine Access	Call Center	5,500
Kaiser Permanente	Health Maintenance Organization	5,468
UAL Corp (United Airlines)	Air Transportation	5,430
Home Depot	Home Improvement Retailer	5,100
EchoStar Communications	Satellite Television	5,000
Lockheed Martin	Aerospace and defense	4,850
United Parcel Service	Delivery Services	4,723
Albertsons [2]	Supermarkets	4,600
Molson Coors Brewing Company	Brewery	4,000
Comcast	Cable Service Provider	3,800
Sun Microsystems	Computers	3,800
Xcel Energy	Utility	3,770
Ball Corporation	Containers, Aerospace	3,700
Frontier Airlines	Air Transportation	3,678
Administaff, Inc.	Employee Leasing	3,500
Great-West Life & Annuity	Insurance	3,368
Agilent Technologies	Diversified Technology	3,320
Swift & Company	Meat Processing	3,000

[1] Figures include full-time and part-time employees.

[2] Significant store closings in 2006 are expected to reduce this number during the year.

Sources: *The Denver Business Journal* 2005-6 Book of Lists "Top Private Sector Employers"

Retail Sales

Set forth below are recent annual sales figures for the State as reported for State sales tax purposes.

Retail Sales
(dollar amounts in billions)

	Gross Sales		Retail Sales	
Year	**Amount**	**% Change**	**Amount**	**% Change**
2002	$135.137	(0.5)%	$103.778	1.1%
2003	138.894	2.8	105.420	1.6
2004	152.571	9.8	114.281	8.4
2005	165.538	8.1	122.907	7.5
2006	184.677	11.6	133.531	8.0

Source: Colorado Department of Revenue

The following table sets forth retail sales figures for the State by industry.

Retail Sales by Industry[1]

	2002 Retail Sales (Millions)	2002 % Change	2003 Retail Sales (Millions)	2003 % Change	2004 Retail Sales (Millions)	2004 % Change	2005 Retail Sales (Millions)	2005 % Change	2006 Retail Sales (Millions)	2006 % Change
Agriculture, Forestry and Fisheries	$ 144.3	(73.6)%	$ 142.6	(1.2)%	$ 164.8	15.6%	$ 173.3	5.2%	$ 298.9	72.5%
Mining	648.3	(14.9)	669.2	3.2	990.5	48.0	1,399.7	41.3	2,102.1	50.2
Contract Construction	2,458.3	(1.5)	2,403.6	(2.2)	2,548.1	6.0	2,679.4	5.2	3,261.2	21.7
Manufacturing	5,900.0	2.1	6,394.6	8.4	7,356.0	15.0	8,383.1	14.0	10,056.9	20.0
Transportation, Communications, Electric, Gas and Sanitation Services	3,955.6	(54.6)	4,576.2	15.7	5,382.1	17.6	6,629.8	23.1	6,341.5	(4.3)
Wholesale Trade	7,796.4	6.2	7,925.6	1.7	9,487.8	19.7	11,110.7	17.1	12,393.6	11.5
Building Materials and Farm Equipment	4,449.2	(9.9)	4,312.4	(3.1)	4,961.7	15.1	5,582.4	12.5	5,822.1	4.3
General Merchandise	8,198.4	3.6	8,523.2	4.0	9,125.9	7.1	9,803.5	7.4	10,300.0	5.1
Food Stores	9,420.2	13.6	9,612.7	2.0	9,835.8	2.3	10,428.7	6.0	11,067.5	6.1
Auto Dealers and Service Stations	16,776.0	(2.7)	16,753.8	(0.1)	17,556.5	4.8	17,920.4	2.1	18,149.4	1.3
Apparel and Accessory Stores	2,354.0	21.4	2,431.9	3.3	2,600.9	6.9	2,587.6	(0.5)	2,878.3	11.2
Furniture and Home Furnishings Stores	3,787.1	(10.0)	3,892.3	2.8	4,203.0	8.0	4,292.4	2.1	4,545.0	5.9
Eating and Drinking Places	5,952.4	(1.2)	5,926.6	(0.4)	6,470.3	9.2	6,745.6	4.3	7,456.2	10.5
Miscellaneous Stores	7,740.6	(9.3)	7,248.3	(6.4)	7,593.9	4.8	8,040.6	5.9	8,945.9	11.3
Finance, Insurance and Real Estate	3,805.7	208.4	3,799.0	(0.2)	3,836.5	1.0	4,396.4	14.6	3,225.2	(26.6)
Hotels and Other Lodging Places	2,053.4	(2.8)	2,026.1	(1.3)	2,103.5	3.8	2,271.5	8.0	2,602.1	14.6
Services Other Than Hotels and Lodging	12,808.3	(16.0)	13,229.5	3.3	14,624.1	10.5	14,416.8	(1.4)	14,313.1	(0.7)
Government Facilities	356.8	229.2	252.0	(29.4)	273.5	8.5	354.4	29.3	356.8	0.7
	$103,774.0	0.2%	$105,419.8	1.6%	$114,094.1	8.2%	$123,642.0	7.7%	$133,531.3	8.0%

[1] Does not reflect all sales due to data suppressed to protect the confidentiality of employers, and therefore may not accurately estimate the increase or decrease in sales in certain years.

Source: State of Colorado Department of Revenue

Tourism

The following table presents information on tourism in the State as reflected in visits to National Park Service territories in Colorado and Colorado ski areas, as well as statistics regarding conventions in the Denver area.

Colorado Tourism Statistics

	National Parks Visits		Conventions[1]						Skier Visits[2]	
			Conventions		Delegates		Spending			
Year	Number (Millions)	% Change	Number	% Change	Number (Thousands)	% Change	Amount (Millions)	% Change	Number (Millions)	% Change
2002	5.24	0.0%	31	(8.8)%	94.2	(33.2)%	$149.4	(33.2)%	11.13	(4.6)%
2003	5.69	8.6	26	(16.1)	105.3	11.8	166.9	11.7	11.61	4.3
2004	5.48	(3.7)	30	15.4	114.5	8.7	181.6	8.8	11.25	(3.1)
2005	5.46	(0.4)	40	33.3	153.5	34.1	305.7	68.3	11.82	5.0
2006	5.90	(8.1)	55	37.5	180.2	17.4	392.5	28.4	12.53	6.1

[1] Includes only those conventions held at the Colorado Convention Center.

[2] Data for skier visits reflects the number of visits in the ski season ending in the referenced year.

Source: Colorado Office of Economic Development & International Trade, Colorado Tourism Office, National Parks Service and Denver Metropolitan Convention & Visitors Bureau

Residential Housing Starts

The following table sets forth a five-year history of residential building permit issuances for the State.

Residential Housing Starts
New Privately Owned Housing Units Authorized

Year	Building Permits	% Change
2002	47,871	(13.0)%
2003	39,569	(17.3)
2004	46,499	17.5
2005	46,262	(0.5)
2006	38,343	(17.1)

Source: U.S. Department of Commerce, Bureau of the Census

* * *

APPENDIX C

DTC BOOK-ENTRY SYSTEM

The information in this appendix concerning DTC and the DTC book-entry system has been obtained from sources that State believes to be reliable, but the State takes no responsibility for the accuracy thereof.

Neither the State, the Treasurer, the Deputy Treasurer, the Chief Financial Officer of the Department of the Treasury nor the Financial Advisor has any responsibility or obligation to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC or any DTC Participant, (ii) the distribution by DTC or any DTC Participant of any notice that is permitted or required to be given to the registered owners of the Series 2007A Notes under the Authorizing Resolution, (iii) the payment by DTC or any DTC Participant of any amounts received under the Authorizing Resolution with respect to the Series 2007A Notes, (iv) any consent given or other action taken by DTC or its nominee as the owner of Series 2007A Notes or (v) any other related matter.

The Depository Trust Company, New York, New York, will act as securities depository for the Series 2007A Notes. The Series 2007A Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2007A Note certificate will be issued, in the aggregate principal amount of the Series 2007A Notes, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 85 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and members of the National Securities Clearing Corporation Government Securities Clearing Corporation, MBS Clearing Corporation and Emerging Markets Clearing Corporation (NSCC, GSCC, MBSCC and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has Standard & Poor's highest rating: "AAA." The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2007A Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2007A Notes on DTC's records. The ownership interest of each purchaser of a Beneficial Ownership Interest in the Series 2007A Note is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2007A Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2007A Notes, except in the event that use of the book-entry system for the Series 2007A Notes is discontinued.

To facilitate subsequent transfers, all Series 2007A Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Series 2007A Notes with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2007A Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2007A Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Beneficial Owners of Series 2007A Notes may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Series 2007A Notes, such as redemptions, defaults and proposed amendments to the security documents. For example, Beneficial Owners of Series 2007A Notes may wish to ascertain that the nominee holding the Series 2007A Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of the notices be provided directly to them.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2007A Notes unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the State as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2007A Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Payments with respect to the Series 2007A Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the State on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or its nominee, the State or the Treasurer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the State or the Treasurer, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Series 2007A Notes at any time by giving reasonable notice to the State. If a successor securities depository is not obtained, Series 2007A Note certificates are required to be printed and delivered.

The State may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In such event, 2007A Note certificates will be printed and delivered to DTC.

APPENDIX D

FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Treasurer of the State of Colorado
Room 140
State Capitol Building
Denver, Colorado 80203

State of Colorado
General Fund Tax and Revenue Anticipation Notes
Series 2007A

Ladies and Gentlemen:

We have acted as bond counsel to the Treasurer of the State of Colorado (the "Treasurer") in connection with the issuance of the "State of Colorado, General Fund Tax and Revenue Anticipation Notes, Series 2007A" in the aggregate principal amount of $500,000,000 (the "Notes") pursuant to the resolution of the Treasurer (the "Resolution"), adopted and approved on June 27, 2007. In such capacity, we have examined the certified proceedings relating to the Notes and such other documents and such law of the State of Colorado (the "State") and of the United States of America as we have deemed necessary to render this opinion letter. Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Resolution.

Regarding questions of fact material to our opinion, we have relied upon the certified proceedings relating to the Notes and other representations and certifications of public officials and others furnished to us, without undertaking to verify the same by independent investigation.

Based upon such examination, it is our opinion as bond counsel that:

1. The State is duly created and validly existing as a body corporate and politic with the power to issue the Notes and perform its obligations contained therein.

2. The Notes are valid and binding obligations of the State, enforceable against the State in accordance with their terms, payable solely from the Pledged Revenues, as provided in the Notes and the Resolution.

3. Pursuant to the Funds Management Act of 1986, part 9 of article 75 of title 24, Colorado Revised Statutes, as amended, and the Resolution, the Notes create an irrevocable lien on the Note Payment Account and the Pledged Revenues deposited therein, to the extent provided in the Notes and the Resolution and subject to the rights of the owners of Additional Notes, if any. Except as described in this paragraph, we express no opinion regarding the priority of the lien on the Pledged Revenues created by the Resolution or on the Note Payment Account.

4. Interest on the Notes (a) is excluded from gross income under federal income tax laws pursuant to Section 103 of the Internal Revenue Code of 1986, as amended to the date hereof (the "Tax Code"), (b) is excluded from alternative minimum taxable income as defined in Section 55(b)(2) of the Tax Code except that such interest is required to be included in calculating the "adjusted current earnings" adjustment applicable to corporations for purposes of computing the alternative minimum taxable income of corporations, (c) and is excluded from Colorado taxable income and Colorado alternative minimum

taxable income under Colorado income tax laws in effect as of the date hereof. The opinions expressed in this paragraph assume continuous compliance with the covenants and representations contained in the certified proceedings relating to the Notes and in certain other documents or certain other certifications furnished to us.

The opinions expressed in this opinion letter above are subject to the following:

The obligations of the State pursuant to the Notes and the Resolution are subject to the application of equitable principles, to the reasonable exercise in the future by the State of the police power inherent in the sovereignty of the State and to the exercise by the United States of America of the powers delegated to it by the Federal Constitution, including, without limitation, bankruptcy powers.

In this opinion letter issued in our capacity as bond counsel, we are opining only upon those matters set forth herein, and we are not opining upon the accuracy, adequacy or completeness of the Official Statement or any other statements made in connection with any offer or sale of the Notes or upon any other federal or state tax consequences arising from the receipt or accrual of interest on or the ownership or disposition of the Notes, except those specifically addressed herein.

This opinion letter is issued as of the date hereof and we assume no obligation to update or supplement this opinion letter to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Respectfully submitted,